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BEFORE THE ARIZONA CORPORATION C

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GARY PIERCE

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION  
OF ICR WATER USERS ASSOCIATION,  
INC. FOR DETERMINATION OF THE  
CURRENT FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES FOR UTILITY SERVICES

DOCKET NO. W-02824A-07-0388

**NOTICE OF FILING  
REBUTTAL TESTIMONY**

ICR Water Users Association, Inc. files the Rebuttal Testimony of Thomas J.  
Bourassa and Robert M. Busch, attached as Exhibits A and B respectively, in this  
proceeding.

RESPECTFULLY submitted this 14th day of December, 2007.

SNELL & WILMER

Robert J. Metli  
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Phoenix, Arizona 85004-2202  
Attorneys for ICR Water Users Association, Inc.

ORIGINAL AND THIRTEEN (13) copies  
filed this 14th day of December, 2007, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

DEC 14 2007

|             |    |
|-------------|----|
| DOCKETED BY | nr |
|-------------|----|

1 COPIES of the foregoing hand-delivered  
2 this 14th day of December, 2007, with:

3 Judge Marc E. Stern  
4 Hearing Division  
5 ARIZONA CORPORATION COMMISSION  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8 Christopher Kempley  
9 Legal Division  
10 ARIZONA CORPORATION COMMISSION  
11 1200 West Washington  
12 Phoenix, Arizona 85007

13 Ernest Johnson  
14 Utilities Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington  
17 Phoenix, Arizona 85007

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# **EXHIBIT A**

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE  
APPLICATION OF ICR WATER  
USERS ASSOCIATION, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE  
CURRENT FAIR VALUE OF ITS  
UTILITY PLANT AND PROPERTY  
AND FOR INCREASES IN ITS RATES  
AND CHARGES FOR UTILITY  
SERVICE.

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DOCKET NO. W-02824A-07-0388

REBUTTAL TESTIMONY OF  
THOMAS J. BOURASSA  
ON BEHALF OF ICR WATER USERS ASSOCIATION  
DECEMBER 14, 2007

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,  
4 Phoenix, Arizona 85029.

5 **Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE**  
6 **INSTANT CASE?**

7 A. Yes, my direct testimony was submitted in support of the initial application in this  
8 docket by ICR Water Users Association ("ICR" or "Company").

9 **Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

10 A. I will provide rebuttal testimony in response to the direct filing by Arizona  
11 Corporation Commission Utilities Division Staff ("Staff") with respect to the rate  
12 base, the income statement, and the revenue requirement and rate design.

13 **Q. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS**  
14 **PROPOSING IN THIS REBUTTAL TESTIMONY?**

15 A. The Company is proposing a total revenue requirement of \$356,594 which  
16 constitutes an increase in revenues of \$88,547, or 33.03% over test year revenues.

17 **Q. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT**  
18 **FILING?**

19 A. In the direct filing, the Company requested a total revenue requirement of  
20 \$355,174, an increase in revenues of \$86,908, or 32.40%.

21 **Q. WHY IS THE REQUESTED REVENUE INCREASE HIGHER IN ICR'S**  
22 **REBUTTAL FILING?**

23 A. In its rebuttal filing, ICR has adopted all of the revenue and expense adjustments  
24 recommended by Staff. The net result of these adjustments is a \$1,207 increase in  
25 the proposed level of operating expenses compared to the adjusted test year

1 expense. While not impacting the revenue requirement, the Company's rebuttal  
2 filing reflects a net decrease in Original Cost Rate Base ("OCRB") and Fair Value  
3 Rate Base ("FVRB") of \$22,734 from the direct filing. The Company continues to  
4 propose that its OCRB be used as its FVRB.

5 **Q. TO WHAT DO YOU ATTRIBUTE THE REDUCTION IN RATE BASE**  
6 **FROM THE DIRECT FILING TO THIS REBUTTAL FILING?**

7 A. Notably, the Company has accepted Staff's adjustment to remove working capital  
8 of \$22,734.

9 **Q. PLEASE SUMMARIZE THE PROPOSED REVENUE REQUIREMENTS**  
10 **AND RATE INCREASES FOR THE COMPANY AND STAFF AT THIS**  
11 **STAGE OF THE PROCEEDING.**

12 A. The proposed revenue requirements and proposed rate increases are as follows:

|                     | <u>Revenue Requirement</u> | <u>Revenue Incr.</u> | <u>% Increase</u> |
|---------------------|----------------------------|----------------------|-------------------|
| 14 Company-Direct   | \$355,174                  | \$86,908             | 32.40%            |
| 15 Staff            | \$356,646                  | \$88,547             | 33.03%            |
| 16 Company Rebuttal | \$356,594                  | \$88,547             | 33.03%            |

17 **Q. IT APPEARS THAT STAFF AND THE COMPANY ARE IN AGREEMENT**  
18 **ON THE REVENUE INCREASE, CORRECT?**

19 A. Yes. There is about a \$50 difference in the revenue requirement and is due to a  
20 small difference in the revenue annualization adjustment discussed later in my  
21 testimony. Putting this aside, this difference is inconsequential. For all intent and  
22 purposes, the Company and Staff are in agreement.

23 **Q. DO THE COMPANY AND STAFF PROPOSE THE APPROXIMATELY**  
24 **THE SAME OPERATING MARGIN?**

1 A. Yes. The Company proposes an operating margin of 15 percent, while Staff  
2 proposes an operating margin of 15.01 percent. These are materially the same  
3 operating margins.

4 **II. RATE BASE.**

5 **Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE**  
6 **BASE RECOMMENDATIONS?**

7 A. The rate bases proposed by all parties in the case are as follows:

|                     | <u>OCRB</u> | <u>FVRB</u> |
|---------------------|-------------|-------------|
| 8 Company-Direct    | \$(552,252) | \$(554,252) |
| 9 Staff             | \$(576,986) | \$(576,986) |
| 10 Company Rebuttal | \$(576,986) | \$(576,986) |

11  
12 **Q. PLEASE SUMMARIZE YOUR ADJUSTMENT(S) TO RATE BASE.**

13 A. There is only one adjustment to the Company's proposed rate base and this  
14 adjustment is to working capital.

15 **Q. HAS THE COMPANY ACCEPTED STAFF'S RECOMMENDATION FOR**  
16 **ZERO WORKING CAPITAL?**

17 A. Yes. While the Company does not agree with Staff's rationale that Class A, B,  
18 and C utilities should not be allowed to use the formula method and instead must  
19 prepare lead-lag studies to request working capital, it has accepted Staff's  
20 adjustment to eliminate issues between the parties. See Direct testimony of  
21 Charles H. Myhlhousen ("Myhlhousen DT") at 7. Rebuttal Schedule B-2  
22 adjustment number 1 reduces working capital to zero.

23 **Q. WHY DO YOU DISAGREE WITH STAFF'S RATIONALE?**

24 A. No method of computing working capital, including lead-lag, is precisely correct.  
25 The purpose of any working capital computation is to produce an amount of

1 working capital allowance that is reasonable. The cost of the calculation should  
2 not exceed the benefits. This is true regardless of the size of the utility. Lead-lag  
3 studies are costly to prepare and disagreement between the parties is common.  
4 Thus, the costs generally exceed the benefits. The formula method is simple and  
5 can readily be adjusted for the effects of pro forma adjustments and has been  
6 recognized by numerous regulatory bodies including this Commission.

7 **III. INCOME STATEMENT.**

8 **Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED**  
9 **ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY**  
10 **ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?**

11 A. The Company rebuttal adjustments are detailed on Rebuttal Schedule C-2, pages  
12 1-6. The rebuttal income statement with adjustments is shown on Rebuttal  
13 Schedule C-1, page 1-2.

14 Rebuttal adjustment 1 decreases metered water revenues by \$219. This  
15 adjustment addresses a correction to a revenue annualization computation error for  
16 the 1 inch metered customer class contained in Company's direct filing. Staff's  
17 has made a similar revenue annualization adjustment adjusting revenues down by  
18 \$167 (*See Myhlhousen DT at 5*).

19 Rebuttal adjustment 2 decreases repairs and maintenance expense by \$153.  
20 This adjustment adopts Staff's adjustment number 2 (*See Myhlhousen DT at 6 and*  
21 *Staff schedule CRM-9*).

22 Rebuttal adjustment 3 increases contractual services expense by \$2,264.  
23 This adjustment adopts Staff's adjustment number 3 (*See Myhlhousen DT at 6 and*  
24 *Staff schedule CRM-10*).



1           Rebuttal adjustment 4 decreases water testing expense by \$917. This  
2 adjustment adopts Staff's adjustment number 4 (*See* Myhlhousen DT at 6 and  
3 Staff schedule CRM-11).

4           Rebuttal adjustment 5 increases property tax expense by \$12. The  
5 adjustment reflects an increase in the rebuttal proposed revenues over the  
6 Company's direct filing proposed revenues. Staff made a similar adjustment to  
7 increase property taxes by \$14 (*See* Myhlhousen DT at 6 and Staff schedule  
8 CRM-12). The Company and Staff are in agreement on the method of computing  
9 property taxes. This method utilized the Arizona Department of Revenue  
10 ("ADOR") formula and inputs two years of adjusted revenues plus one year of  
11 proposed revenues. I computed the property taxes based on the Company's  
12 proposed revenues, and then used the property tax rate that was used in the direct  
13 filing.

14 **Q. ARE STAFF AND THE COMPANY IN AGREEMENT TO USE ACCOUNT**  
15 **SPECIFIC RATES FOR DEPRECIATION AND ARE THOSE RATES THE**  
16 **SAME AS THE COMPANY PROPOSED IN ITS DIRECT FILING?**

17 **A.** Yes, there is no disagreement between Staff and the Company on the level of  
18 depreciation expense computed using account specific depreciation rates. The  
19 Company utilized Staff's typical and customary rates to compute depreciation  
20 expense. *See* Direct testimony of Thomas J. Bourassa ("Bourassa DT") at 8.  
21 Staff has recommended that the Company use Staff's typical and customary rates  
22 on a going forward basis. *See* Direct Testimony of Jian W. Liu ("Liu DT") at 7.

23 **IV. RATE DESIGN (H SCHEDULES).**

24 **Q. WHAT ARE THE COMPANY'S REBUTTAL PROPOSED RATES?**

25 **A.** The Company's rebuttal proposed rates for customers with a water meter size of:

|    | <u>Meter<br/>Size</u> | <u>Monthly<br/>Minimum</u> | <u>Gallons included<br/>in Monthly Minimum</u> |
|----|-----------------------|----------------------------|--|
| 1  |                       |                            |  |
| 2  |                       |                            |  |
| 3  | 5/8                   | \$ 26.20                   | 0  |
| 4  | 3/4                   | \$ 39.30                   | 0  |
| 5  | 1                     | \$ 65.50                   | 0  |
| 6  | 1 1/2                 | \$ 131.00                  | 0  |
| 7  | 2                     | \$ 209.60                  | 0  |
| 8  | 3                     | \$ 419.20                  | 0  |
| 9  | 4                     | \$ 655.00                  | 0  |
| 10 | 6                     | \$1,310.00                 | 0  |

The commodity charges and tiers by meter size are:

|    | <u>Meter<br/>Size</u> | <u>Tier (gallons)</u> | <u>Charge<br/>per 1,000 gallons</u> |
|----|-----------------------|-----------------------|-------------------------------------|
| 12 |                       |                       |                                     |
| 13 |                       |                       |                                     |
| 14 | 5/8 and 3/4           | 1 to 4,000            | \$ 2.984                            |
| 15 |                       | 4,001 to 10,000       | \$ 3.834                            |
| 16 |                       | Over 10,000           | \$ 4.454                            |
| 17 | 1                     | 1 to 25,000           | \$ 3.834                            |
| 18 |                       | Over 25,000           | \$ 4.454                            |
| 19 | 1 1/2                 | 1 to 50,000           | \$ 3.834                            |
| 20 |                       | Over 50,000           | \$ 4.454                            |
| 21 | 2                     | 1 to 80,000           | \$ 3.834                            |
| 22 |                       | Over 80,000           | \$ 4.454                            |
| 23 | 3                     | 1 to 160,000          | \$ 3.834                            |
| 24 |                       | Over 80,000           | \$ 4.454                            |
| 25 | 4                     | 1 to 250,000          | \$ 3.834                            |

|   |   |              |          |
|---|---|--------------|----------|
| 1 |   | Over 250,000 | \$ 4.454 |
| 2 | 6 | 1 to 500,000 | \$ 3.834 |
| 3 |   | Over 500,000 | \$ 4.454 |

4 The proposed standpipe rate and bulk water rate is \$4.454 per 1,000 gallons with  
5 no minimum monthly charge.

6 **Q. PLEASE EXPLAIN THE DIFFERENCES BETWEEN STAFF AND THE**  
7 **COMPANY'S RATE DESIGNS.**

8 A. Both Staff and the Company's monthly minimums for each meter size are the  
9 same. Monthly minimums are scaled on the rated flows of a 5/8 inch meter.

10 Staff is proposing a 3 tier rate design which provides the same break over  
11 points for the 5/8 inch and 3/4 inch metered customers. The Company also  
12 proposes that the same break over points for the 5/8 inch and 3/4 inch metered  
13 customers. Staff proposes break over points of 4,000 gallons and 9,000 gallons,  
14 respectively. The Company now proposes 4,000 gallons and 9,000 gallons,  
15 respectively, in order to help eliminate issues between the parties.

16 For 1 inch and larger meters, Staff is proposing a 2 tier design with distinct  
17 break over points for each size meter. The Company similarly proposes a three  
18 tier design with distinct break over points for each size meter. The Company's  
19 break over points are scaled on the rated flows on a 5/8 inch meter using the 9,000  
20 gallon second tier break over point of the 5/8 inch and 3/4 inch meters as the base.  
21 The Company's break over points for the 1 1/2 inch and larger meters are different  
22 than Staff's. This is because the 1 1/2 inch and larger meter break over points for  
23 Staff's rates do not use a 9,000 gallon base - rather a 10,000 gallon base is used.  
24 To be consistent, the Company recommends that the larger meter break over  
25 points be scaled using a 9,000 gallon base.

1 **Q. ARE THERE DIFFERENCES BETWEEN STAFF AND THE COMPANY**  
2 **ON THE COMMODITY CHARGES?**

3 A. Yes. While the monthly minimums are the same for both Staff and the  
4 Company, there are differences in the commodity rates between the parties. Staff  
5 proposes commodity charge of \$2.645 for the first tier of the 5/8 inch and 3/4 inch  
6 meters while the Company proposes a commodity charge of \$2.984. For the  
7 second tier, Staff proposes a commodity charge of \$3.960 while the Company  
8 proposes a commodity charge of \$3.834. For the third tier, Staff proposes a  
9 commodity charge of \$4.740 while the Company proposes a commodity charge of  
10 \$4.454.

11 **Q. PLEASE COMMENT ON THE STAFF COMMODITY CHARGES.**

12 A. The primary problem with Staff's commodity charges is that the first tier  
13 commodity rate of \$2.645 is lower than the current commodity charge of \$2.80.  
14 By lowering the commodity charge below what is currently charged sends the  
15 wrong price signal to water users – basically, that water costs less. This is not a  
16 sound rate design approach in light the Commission's policy of promoting  
17 conservation.

18 **Q. WHAT IS THE IMPACT ON A 5/8 INCH METERED CUSTOMER**  
19 **UNDER STAFF AND THE COMPANY'S RATE DESIGNS?**

20 A. The impact on 5/8 inch metered customers under the Company's proposed rates is  
21 as follows:

| Meter Size           | Present Rates | Proposed Rates | Dollar Increase | Percent |
|----------------------|---------------|----------------|-----------------|---------|
| 5/8 Inch             |               |                |                 |         |
| Average (7,085 gals) | \$37.04       | \$49.96        | \$12.93         | 34.90%  |
| Median (4500 gals)   | \$29.80       | \$40.05        | \$10.25         | 34.41%  |

1 The impact on 5/8 inch metered customers under Staff's proposed rates is as  
2 follows:

3

| Meter Size           | Present Rates | Proposed Rates | Dollar Increase | Percent |
|----------------------|---------------|----------------|-----------------|---------|
| 5/8 Inch             |               |                |                 |         |
| Average (7,085 gals) | \$37.04       | \$48.99        | \$11.96         | 32.29%  |
| Median (4500 gals)   | \$29.80       | \$38.76        | \$ 8.96         | 30.07%  |

7

8 **Q. ARE THE COMPANY AND STAFF IN AGREEMENT ON THE**  
9 **PROPOSED METER AND SERVICE LINE INSTALLATION CHARGES?**

10 A. Yes. *See Staff Schedule CRM-13, page 2.*

11 **Q. ARE THE COMPANY AND STAFF IN AGREEMENT ON THE**  
12 **PROPOSED MISCELLANEOUS SERVICE CHARGES?**

13 A. Yes. The Company agrees with Staff's proposal for the late fee charge of 1.5%  
14 per month. *See Myhlhousen DT at 9.*

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes.

17

18

19

20

21

22

23

24

25

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Computation of Increase in Gross Revenue  
Requirements As Adjusted

Exhibit  
Rebuttal Schedule A-1  
Page 1  
Witness: Bourassa

Line  
No.

|    |   |                    |                   |           |                 |                 |  |
|----|---|--------------------|-------------------|-----------|-----------------|-----------------|--|
| 1  | Fair Value Rate Base                            |                    |                   |           | \$              | (576,986)       |  |
| 2  |   |                    |                   |           |                 |                 |  |
| 3  | Adjusted Operating Income                       |                    |                   |           |                 | (35,058)        |  |
| 4  |   |                    |                   |           |                 |                 |  |
| 5  | Current Rate of Return                          |                    |                   |           |                 | N/A             |  |
| 6  |   |                    |                   |           |                 |                 |  |
| 7  | Required Operating Income                       | Operating Margin = | 15.00%            |           | \$              | 53,489          |  |
| 8  |   |                    |                   |           |                 |                 |  |
| 9  | Required Rate of Return on Fair Value Rate Base |                    |                   |           |                 | N/A             |  |
| 10 |   |                    |                   |           |                 |                 |  |
| 11 | Operating Income Deficiency                     |                    |                   |           | \$              | 88,547          |  |
| 12 |   |                    |                   |           |                 |                 |  |
| 13 | Gross Revenue Conversion Factor                 |                    |                   |           |                 | 1.0000          |  |
| 14 |   |                    |                   |           |                 |                 |  |
| 15 | Increase in Gross Revenue                       |                    |                   |           |                 |                 |  |
| 16 | Requirement                                     |                    |                   |           | \$              | 88,547          |  |
| 17 |   |                    |                   |           |                 |                 |  |
| 18 | % Increase                                      |                    |                   |           |                 | 33.03%          |  |
| 19 |   |                    |                   |           |                 |                 |  |
| 20 | <b>Customer</b>                                 | <b>Present</b>     | <b>Proposed</b>   |           | <b>Dollar</b>   | <b>Percent</b>  |  |
| 21 | <b>Classification</b>                           | <b>Rates</b>       | <b>Rates</b>      |           | <b>Increase</b> | <b>Increase</b> |  |
| 22 | <b>(Residential Commercial, Irrigation)</b>     |                    |                   |           |                 |                 |  |
| 23 |   |                    |                   |           |                 |                 |  |
| 24 | 5/8 x 3/4 Inch Residential                      | \$ 148,282         | \$ 207,922        | \$        | 59,640          | 40.22%          |  |
| 25 | 3/4 Inch Residential                            | -                  | -                 |           | -               | 0.00%           |  |
| 26 | 1 Inch Residential                              | 15,942             | 22,328            |           | 6,386           | 40.06%          |  |
| 27 | 2 Inch Residential                              | 39,929             | 58,391            |           | 18,462          | 46.24%          |  |
| 28 | Construction Water                              | 417                | 664               |           | 246             | 59.07%          |  |
| 29 | Subtotal  | \$ 204,571         | \$ 289,305        | \$        | 84,734          | 41.42%          |  |
| 30 |   |                    |                   |           |                 |                 |  |
| 31 | Revenue Annualization                           | 9,738              | 13,964            |           | 4,226           | 43.40%          |  |
| 32 |   |                    |                   |           |                 |                 |  |
| 33 | Other Water Revenues                            | 53,403             | 53,403            |           | -               | 0.00%           |  |
| 34 |   |                    |                   |           |                 |                 |  |
| 35 | Revenue Reconciliation to GL                    |                    | (335)             |           | (335)           | 0.00%           |  |
| 36 |   |                    |                   |           |                 |                 |  |
| 37 | <b>Total of Water Revenues</b>                  | <b>\$ 267,712</b>  | <b>\$ 356,672</b> | <b>\$</b> | <b>88,625</b>   | <b>33.10%</b>   |  |
| 38 |   |                    |                   |           |                 |                 |  |
| 39 |   |                    |                   |           |                 |                 |  |
| 40 |   |                    |                   |           |                 |                 |  |
| 41 |   |                    |                   |           |                 |                 |  |
| 42 |   |                    |                   |           |                 |                 |  |
| 43 |   |                    |                   |           |                 |                 |  |
| 44 | <b><u>SUPPORTING SCHEDULES:</u></b>             |                    |                   |           |                 |                 |  |
| 45 | Rebuttal B-1                                    |                    |                   |           |                 |                 |  |
| 46 | Rebuttal C-1                                    |                    |                   |           |                 |                 |  |
| 47 | Rebuttal C-3                                    |                    |                   |           |                 |                 |  |
| 48 | Rebuttal H-1                                    |                    |                   |           |                 |                 |  |
| 49 |   |                    |                   |           |                 |                 |  |

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Summary of Rate Base

Exhibit  
Rebuttal Schedule B-1  
Page 1  
Witness: Bourassa

| Line<br>No. |                                   | Original Cost<br>Rate base | Fair Value<br>Rate Base |
|-------------|-----------------------------------|----------------------------|-------------------------|
| 1           |                                   |                            |                         |
| 2           | Gross Utility Plant in Service    | \$ 5,331,978               | \$ 5,331,978            |
| 3           | Less: Accumulated Depreciation    | 625,682                    | 625,682                 |
| 4           |                                   |                            |                         |
| 5           | Net Utility Plant in Service      | \$ 4,706,296               | \$ 4,706,296            |
| 6           |                                   |                            |                         |
| 7           | <u>Less:</u>                      |                            |                         |
| 8           | Advances in Aid of                |                            |                         |
| 9           | Construction                      | 3,932,263                  | 3,932,263               |
| 10          | Contributions in Aid of           |                            |                         |
| 11          | Construction                      | 1,419,166                  | 1,419,166               |
| 12          | Accumulated Amortization of CIAC  | (88,697)                   | (88,697)                |
| 13          |                                   |                            |                         |
| 14          | Customer Meter Deposits           | 20,550                     | 20,550                  |
| 15          | Deferred Income Taxes & Credits   | -                          | -                       |
| 16          | Deferred Assets                   | -                          | -                       |
| 17          |                                   |                            |                         |
| 18          |                                   |                            |                         |
| 19          | <u>Plus:</u>                      |                            |                         |
| 20          | Unamortized Finance Charges       | -                          | -                       |
| 21          | Material and Supplies Inventories | -                          | -                       |
| 22          | Prepayments                       | -                          | -                       |
| 23          | Allowance for Working Capital     | -                          | -                       |
| 24          |                                   |                            |                         |
| 25          |                                   |                            |                         |
| 26          |                                   |                            |                         |
| 27          | Total Rate Base                   | \$ (576,986)               | \$ (576,986)            |
| 28          |                                   |                            |                         |
| 29          |                                   |                            |                         |
| 30          |                                   |                            |                         |
| 31          | <u>SUPPORTING SCHEDULES:</u>      |                            |                         |
| 32          | Rebuttal B-2                      |                            |                         |
| 33          | Rebuttal B-5                      |                            |                         |
| 34          |                                   |                            |                         |
| 35          |                                   |                            |                         |
| 36          |                                   |                            |                         |

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Original Cost Rate Base Proforma Adjustments

Exhibit  
Rebuttal Schedule B-2  
Page 1  
Witness: Bourassa

| Line<br>No. |                                   | Adjusted<br>at<br>End of<br>Test Year | Adjustments        | Rebuttal<br>Adjusted<br>at end<br>of<br>Test Year |
|-------------|-----------------------------------|---------------------------------------|--------------------|---|
| 1           | Gross Utility                     |                                       |                    |   |
| 2           | Plant in Service                  | \$ 5,331,978                          | -                  | \$ 5,331,978                                      |
| 3           |                                   |                                       |                    |   |
| 4           | <b>Less:</b>                      |                                       |                    |   |
| 5           | Accumulated                       |                                       |                    |   |
| 6           | Depreciation                      | 625,682                               | -                  | 625,682   |
| 7           |                                   |                                       |                    |   |
| 8           |                                   |                                       |                    |   |
| 9           | Net Utility Plant                 |                                       |                    |   |
| 10          | in Service                        | \$ 4,706,296                          | \$ -               | \$ 4,706,296                                      |
| 11          |                                   |                                       |                    |   |
| 12          | <b>Less:</b>                      |                                       |                    |   |
| 13          | Advances in Aid of                |                                       |                    |   |
| 14          | Construction                      | 3,932,263                             | -                  | 3,932,263   |
| 15          |                                   |                                       |                    |   |
| 16          | Contributions in Aid of           |                                       |                    |   |
| 17          | Construction (CIAC)               | 1,419,166                             | -                  | 1,419,166   |
| 18          |                                   |                                       |                    |   |
| 19          |                                   |                                       |                    |   |
| 20          | Accum. Amortization of CIAC       | (88,697)                              | -                  | (88,697)  |
| 21          |                                   |                                       |                    |   |
| 22          |                                   |                                       |                    |   |
| 23          | Customer Meter Deposits           | 20,550                                | 0                  | 20,550  |
| 24          | Deferred Income Taxes             | -                                     | -                  | -   |
| 25          | Investment Tax Credits            | -                                     | -                  | -   |
| 26          |                                   |                                       |                    |   |
| 27          |                                   |                                       |                    |   |
| 28          | <b>Plus:</b>                      |                                       |                    |   |
| 29          | Unamortized Finance Charges       | -                                     | -                  | -   |
| 30          | Material and Supplies Inventories | -                                     | -                  | -   |
| 31          | Prepayments                       | -                                     | -                  | -   |
| 32          | Allowance for Working Capital     | 22,734                                | (22,734)           | -   |
| 33          |                                   |                                       |                    |   |
| 34          |                                   |                                       |                    |   |
| 35          | <b>Total</b>                      | <b>\$ (554,252)</b>                   | <b>\$ (22,734)</b> | <b>\$ (576,986)</b>                               |

**SUPPORTING SCHEDULES:**

Rebuttal B-2, pages 2



ICR Water Users Association  
Test Year Ended December 31, 2006  
Original Cost Rate Base Proforma Adjustments

| Line No. | ADJUSTMENT LABEL-->                         | 1<br>Working Capital | 2<br>Intentionally Left Blank | 3<br>Intentionally Left Blank | 4<br>Intentionally Left Blank | 5<br>Intentionally Left Blank | Rebuttal Adjusted at end of Test Year |
|----------|---|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------------|
|          |   |                      |                               |                               |                               |                               |                                       |
| 1        | Gross Utility Plant in Service              | \$ 5,331,978         |                               |                               |                               |                               | \$ 5,331,978                          |
| 2        |   |                      |                               |                               |                               |                               |                                       |
| 3        | Less:                                       |                      |                               |                               |                               |                               |                                       |
| 4        | Accumulated Depreciation                    | 625,682              |                               |                               |                               |                               | 625,682                               |
| 5        |   |                      |                               |                               |                               |                               |                                       |
| 6        |   |                      |                               |                               |                               |                               |                                       |
| 7        |   |                      |                               |                               |                               |                               |                                       |
| 8        |   |                      |                               |                               |                               |                               |                                       |
| 9        | Net Utility Plant in Service                | \$ 4,706,296         | \$ -                          | \$ -                          | \$ -                          | \$ -                          | \$ 4,706,296                          |
| 10       |   |                      |                               |                               |                               |                               |                                       |
| 11       | Less:                                       |                      |                               |                               |                               |                               |                                       |
| 12       | Advances in Aid of Construction             | 3,932,263            |                               |                               |                               |                               | 3,932,263                             |
| 13       |   |                      |                               |                               |                               |                               |                                       |
| 14       |   |                      |                               |                               |                               |                               |                                       |
| 15       |   |                      |                               |                               |                               |                               |                                       |
| 16       | Contributions in Aid of Construction (CIAC) | 1,419,166            |                               |                               |                               |                               | 1,419,166                             |
| 17       |   |                      |                               |                               |                               |                               |                                       |
| 18       |   |                      |                               |                               |                               |                               |                                       |
| 19       | Accum. Amortization of CIAC                 | (88,697)             |                               |                               |                               |                               | (88,697)                              |
| 20       |   |                      |                               |                               |                               |                               |                                       |
| 21       | Customer Meter Deposits                     | 20,550               |                               |                               |                               |                               | 20,550                                |
| 22       | Deferred Income Taxes                       | -                    |                               |                               |                               |                               | -                                     |
| 23       | Investment Tax Credits                      | -                    |                               |                               |                               |                               | -                                     |
| 24       |   |                      |                               |                               |                               |                               |                                       |
| 25       | Plus:                                       |                      |                               |                               |                               |                               |                                       |
| 26       | Unamortized Finance Charges                 | -                    |                               |                               |                               |                               | -                                     |
| 27       |   |                      |                               |                               |                               |                               |                                       |
| 28       | Material and Supplies Inventories           | -                    |                               |                               |                               |                               | -                                     |
| 29       | Prepayments                                 | -                    |                               |                               |                               |                               | -                                     |
| 30       |   |                      |                               |                               |                               |                               |                                       |
| 31       | Allowance for Working Capital               | 22,734               | (22,734)                      |                               |                               |                               | -                                     |
| 32       |   |                      |                               |                               |                               |                               |                                       |
| 33       | Total                                       | \$ (554,252)         | \$ (22,734)                   | \$ -                          | \$ -                          | \$ -                          | \$ (576,986)                          |

SUPPORTING SCHEDULES:  
Rebuttal B-2, pages 3-7

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Original Cost Rate Base Proforma Adjustments  
Adjustment 1

Exhibit  
Rebuttal Schedule B-2  
Page 4  
Witness: Bourassa

Line

No.

|    |  |                    |
|----|--|--------------------|
| 1  | <u>Working Capital</u>                 |                    |
| 2  |  |                    |
| 3  |  |                    |
| 4  | Working Capital per Direct Filing      | \$ 22,734          |
| 5  | Working Capital Per Rebuttal Filing    | -                  |
| 6  |  |                    |
| 7  | Difference                             | \$ 22,734          |
| 8  |  |                    |
| 9  |  |                    |
| 10 | Increase (Decrease) to Working Capital | <u>\$ (22,734)</u> |
| 11 |  |                    |
| 12 |  |                    |
| 13 | <u>SUPPORTING SCHEDULES</u>            |                    |
| 14 |  |                    |
| 15 |  |                    |
| 16 |  |                    |
| 17 |  |                    |
| 18 |  |                    |
| 19 |  |                    |
| 20 |  |                    |

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Computation of Working Capital

Exhibit  
Rebuttal Schedule B-5  
Page 1  
Witness: Bourassa

Line  
No.

|    |   |    |          |
|----|---|----|----------|
| 1  | Cash Working Capital (1/8 of Allowance              |    |          |
| 2  | Operation and Maintenance Expense)                  | \$ | 22,745   |
| 3  | Pumping Power (1/24 of Pumping Power)               |    | -        |
| 4  | Purchased Water Treatment (1/24 of Purchased Water) |    | 677      |
| 5  |   |    |          |
| 6  |   |    |          |
| 7  |   |    |          |
| 8  |   |    |          |
| 9  | Total Working Capital Allowance Rebuttal            | \$ | 23,421   |
| 10 |   |    |          |
| 11 | Total Working Capital Allowance Requested           | \$ | -        |
| 12 |   |    |          |
| 13 | Working Capital per Direct Filing                   | \$ | 22,734   |
| 14 |   |    |          |
| 15 | Increase (Decrease) in Working Capital              | \$ | (22,734) |
| 16 |   |    |          |

17  
18 SUPPORTING SCHEDULES:

RECAP SCHEDULES:  
Rebuttal B-1

19  
20

**ICR Water Users Association**  
Test Year Ended December 31, 2006  
Income Statement

Exhibit  
Rebuttal Schedule C-1  
Page 1  
Witness: Bourassa

| Line No. |                                     | Adjusted Book Results | Adjustments       | Rebuttal Adjusted Results | Proposed Rate Increase | Adjusted with Rate Increase |
|----------|-------------------------------------|-----------------------|-------------------|---------------------------|------------------------|-----------------------------|
| 1        | <b>Revenues</b>                     |                       |                   |                           |                        |                             |
| 2        | Metered Water Revenues              | \$ 214,863            | \$ (219)          | \$ 214,643                | \$ 88,547              | \$ 303,190                  |
| 3        | Unmetered Water Revenues            | -                     | -                 | -                         | -                      | -                           |
| 4        | Other Water Revenues                | 53,403                | -                 | 53,403                    | -                      | 53,403                      |
| 5        |                                     | <u>\$ 268,266</u>     | <u>\$ (219)</u>   | <u>\$ 268,047</u>         | <u>\$ 88,547</u>       | <u>\$ 356,594</u>           |
| 6        | <b>Operating Expenses</b>           |                       |                   |                           |                        |                             |
| 7        | Salaries and Wages                  | \$ -                  | -                 | \$ -                      | -                      | \$ -                        |
| 8        | Employee Pensions and Benefits      | 6,388                 | -                 | 6,388                     | -                      | 6,388                       |
| 9        | Purchased Water                     | 16,239                | -                 | 16,239                    | -                      | 16,239                      |
| 10       | Purchased Power                     | -                     | -                 | -                         | -                      | -                           |
| 11       | Chemicals                           | 2,516                 | -                 | 2,516                     | -                      | 2,516                       |
| 12       | Water Testing                       | 4,946                 | (917)             | 4,029                     | -                      | 4,029                       |
| 13       | Repairs and Maintenance             | 14,542                | (153)             | 14,389                    | -                      | 14,389                      |
| 14       | Contractual Services - Engineering  | 1,720                 | -                 | 1,720                     | -                      | 1,720                       |
| 15       | Contractual Services - Accounting   | 32,549                | -                 | 32,549                    | -                      | 32,549                      |
| 16       | Contractual Services - Legal        | 513                   | -                 | 513                       | -                      | 513                         |
| 17       | Contractual Services - Other        | 83,963                | 2,264             | 86,227                    | -                      | 86,227                      |
| 18       | Water Testing                       | -                     | -                 | -                         | -                      | -                           |
| 19       | Rental of Building/Real Property    | 3,600                 | -                 | 3,600                     | -                      | 3,600                       |
| 20       | Rental of Equipment                 | -                     | -                 | -                         | -                      | -                           |
| 21       | Transportation Expenses             | -                     | -                 | -                         | -                      | -                           |
| 22       | Telephone                           | 751                   | -                 | 751                       | -                      | 751                         |
| 23       | Insurance                           | 8,995                 | -                 | 8,995                     | -                      | 8,995                       |
| 24       | Regulatory Commission Expense - R   | 20,000                | -                 | 20,000                    | -                      | 20,000                      |
| 25       | Bad Debt Expense                    | -                     | -                 | -                         | -                      | -                           |
| 26       | Miscellaneous Expense               | 235                   | -                 | 235                       | -                      | 235                         |
| 27       | Depreciation Expense                | 93,748                | -                 | 93,748                    | -                      | 93,748                      |
| 28       | Property Taxes                      | 11,148                | 12                | 11,160                    | -                      | 11,160                      |
| 29       | Payroll Taxes                       | -                     | -                 | -                         | -                      | -                           |
| 30       | Sales Tax Expense                   | -                     | -                 | -                         | -                      | -                           |
| 31       | Income Tax                          | 45                    | -                 | 45                        | -                      | 45                          |
| 32       |                                     |                       |                   |                           |                        |                             |
| 33       | <b>Total Operating Expenses</b>     | <u>\$ 301,898</u>     | <u>\$ 1,207</u>   | <u>\$ 303,105</u>         | <u>\$ -</u>            | <u>\$ 303,105</u>           |
| 34       | <b>Operating Income</b>             | <u>\$ (33,632)</u>    | <u>\$ (1,426)</u> | <u>\$ (35,058)</u>        | <u>\$ 88,547</u>       | <u>\$ 53,489</u>            |
| 35       | <b>Other Income (Expense)</b>       |                       |                   |                           |                        |                             |
| 36       | Interest Income                     | 180                   | -                 | 180                       | -                      | 180                         |
| 37       | Other income                        | 779                   | -                 | 779                       | -                      | 779                         |
| 38       | Interest Expense                    | -                     | -                 | -                         | -                      | -                           |
| 39       | Other Expense                       | -                     | -                 | -                         | -                      | -                           |
| 40       |                                     |                       |                   |                           |                        |                             |
| 41       | <b>Total Other Income (Expense)</b> | <u>\$ 959</u>         | <u>\$ -</u>       | <u>\$ 959</u>             | <u>\$ -</u>            | <u>\$ 959</u>               |
| 42       | <b>Net Profit (Loss)</b>            | <u>\$ (32,673)</u>    | <u>\$ (1,426)</u> | <u>\$ (34,099)</u>        | <u>\$ 88,547</u>       | <u>\$ 54,448</u>            |

SUPPORTING SCHEDULES:

Rebuttal C-1, Page 2  
Rebuttal C-2

RECAP SCHEDULES:

Rebuttal A-1

ICR Water Users Association  
Test Year Ended December 31, 2006  
Income Statement

Exhibit  
Rebuttal Schedule C-1  
Page 2  
Witness: Bourassa

| Line No. | ADJUSTMENT LABEL-->                       | 1           | 2        | 3        | 4          | 5        | Rebuttal Adjusted Results | Proposed Rate Increase | Adjusted with Rate Increase |
|----------|---|-------------|----------|----------|------------|----------|---------------------------|------------------------|-----------------------------|
| 1        | Revenues                                  |             |          |          |            |          |                           |                        |                             |
| 2        | Metered Water Revenues                    | \$ 214,863  | \$ (219) |          |            |          | \$ 214,643                | \$ 88,547              | \$ 303,190                  |
| 3        | Unmetered Water Revenues                  | -           |          |          |            |          | -                         |                        | -                           |
| 4        | Other Water Revenues                      | 53,403      |          |          |            |          | 53,403                    |                        | 53,403                      |
| 5        |   | \$ 268,266  | \$ (219) | \$ -     | \$ -       | \$ -     | \$ 268,047                | \$ 88,547              | \$ 356,594                  |
| 6        | Operating Expenses                        |             |          |          |            |          |                           |                        |                             |
| 7        | Salaries and Wages                        | -           |          |          |            |          | -                         |                        | -                           |
| 8        | Employee Pensions and Benefits            | 6,388       |          |          |            |          | 6,388                     |                        | 6,388                       |
| 9        | Purchased Water                           | 16,239      |          |          |            |          | 16,239                    |                        | 16,239                      |
| 10       | Purchased Power                           | -           |          |          |            |          | -                         |                        | -                           |
| 11       | Chemicals                                 | 2,516       |          |          |            |          | 2,516                     |                        | 2,516                       |
| 12       | Water Testing                             | 4,946       |          |          |            |          | 4,946                     |                        | 4,946                       |
| 13       | Repairs and Maintenance                   | 14,542      |          |          |            |          | 14,542                    |                        | 14,542                      |
| 14       | Contractual Services - Engineering        | 1,720       |          |          |            |          | 1,720                     |                        | 1,720                       |
| 15       | Contractual Services - Accounting         | 32,549      |          |          |            |          | 32,549                    |                        | 32,549                      |
| 16       | Contractual Services - Legal              | 513         |          |          |            |          | 513                       |                        | 513                         |
| 17       | Contractual Services - Other              | 83,963      |          |          |            |          | 83,963                    |                        | 83,963                      |
| 18       | Water Testing                             | -           |          |          |            |          | -                         |                        | -                           |
| 19       | Rental of Building/Real Property          | 3,600       |          |          |            |          | 3,600                     |                        | 3,600                       |
| 20       | Rental of Equipment                       | -           |          |          |            |          | -                         |                        | -                           |
| 21       | Transportation Expenses                   | -           |          |          |            |          | -                         |                        | -                           |
| 22       | Telephone                                 | 751         |          |          |            |          | 751                       |                        | 751                         |
| 23       | Insurance                                 | 8,995       |          |          |            |          | 8,995                     |                        | 8,995                       |
| 24       | Regulatory Commission Expense - Rate Case | 20,000      |          |          |            |          | 20,000                    |                        | 20,000                      |
| 25       | Bad Debt Expense                          | -           |          |          |            |          | -                         |                        | -                           |
| 26       | Miscellaneous Expense                     | 235         |          |          |            |          | 235                       |                        | 235                         |
| 27       | Depreciation Expense                      | 93,748      |          |          |            |          | 93,748                    |                        | 93,748                      |
| 28       | Property Taxes                            | 11,148      |          |          |            |          | 11,148                    |                        | 11,148                      |
| 29       | Payroll Taxes                             | -           |          |          |            |          | -                         |                        | -                           |
| 30       | Sales Tax Expense                         | -           |          |          |            |          | -                         |                        | -                           |
| 31       | Income Tax                                | 45          |          |          |            |          | 45                        |                        | 45                          |
| 32       |   |             |          |          |            |          |                           |                        |                             |
| 33       | Total Operating Expenses                  | \$ 301,898  | \$ -     | \$ (153) | \$ 2,264   | \$ (917) | \$ 303,105                | \$ -                   | \$ 303,105                  |
| 34       | Operating Income                          | \$ (33,632) | \$ (219) | \$ 153   | \$ (2,264) | \$ 917   | \$ (35,058)               | \$ 88,547              | \$ 53,489                   |
| 35       | Other Income (Expense)                    |             |          |          |            |          |                           |                        |                             |
| 36       | Interest Income                           | 180         |          |          |            |          | 180                       |                        | 180                         |
| 37       | Other Income                              | 779         |          |          |            |          | 779                       |                        | 779                         |
| 38       | Interest Expense                          | -           |          |          |            |          | -                         |                        | -                           |
| 39       | Other Expense                             | -           |          |          |            |          | -                         |                        | -                           |
| 40       |   |             |          |          |            |          |                           |                        |                             |
| 41       | Total Other Income (Expense)              | \$ 959      | \$ -     | \$ -     | \$ -       | \$ -     | \$ 959                    | \$ -                   | \$ 959                      |
| 42       | Net Profit (Loss)                         | \$ (32,673) | \$ (219) | \$ 153   | \$ (2,264) | \$ 917   | \$ (34,099)               | \$ 88,547              | \$ 54,448                   |
| 43       |   |             |          |          |            |          |                           |                        |                             |

SUPPORTING SCHEDULES:  
Rebuttal C-2

RECAP SCHEDULES:  
Rebuttal A-1

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustments to Revenues and Expenses

Exhibit  
Rebuttal Schedule C-2  
Page 1  
Witness: Bourassa

| Line No. | Adjustments to Revenues and Expenses |                                |                                 |                                |                                |                                | Subtotal |
|----------|--------------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|----------|
|          | 1<br>Revenue Annualization           | 2<br>Repairs and Maintenance   | 3<br>Contractual Services-Other | 4<br>Water Testing             | 5<br>Property Taxes            | 6<br>Intentionally Left Blank  |          |
| 1        |                                      |                                |                                 |                                |                                |                                |          |
| 2        |                                      |                                |                                 |                                |                                |                                |          |
| 3        | Revenues                             | (219)                          |                                 |                                |                                |                                | (219)    |
| 4        |                                      |                                |                                 |                                |                                |                                |          |
| 5        | Expenses                             | (153)                          | 2,264                           | (917)                          | 12                             |                                | 1,207    |
| 6        |                                      |                                |                                 |                                |                                |                                |          |
| 7        | Operating                            |                                |                                 |                                |                                |                                |          |
| 8        | Income                               | (219)                          | 153                             | (2,264)                        | 917                            | (12)                           | (1,426)  |
| 9        |                                      |                                |                                 |                                |                                |                                |          |
| 10       | Interest                             |                                |                                 |                                |                                |                                |          |
| 11       | Expense                              |                                |                                 |                                |                                |                                |          |
| 12       | Other                                |                                |                                 |                                |                                |                                |          |
| 13       | Income /                             |                                |                                 |                                |                                |                                |          |
| 14       | Expense                              |                                |                                 |                                |                                |                                |          |
| 15       |                                      |                                |                                 |                                |                                |                                |          |
| 16       | Net Income                           | (219)                          | 153                             | (2,264)                        | 917                            | (12)                           | (1,426)  |
| 17       |                                      |                                |                                 |                                |                                |                                |          |
| 18       |                                      |                                |                                 |                                |                                |                                |          |
| 19       |                                      |                                |                                 |                                |                                |                                |          |
| 20       | Adjustments to Revenues and Expenses |                                |                                 |                                |                                |                                | Subtotal |
| 21       | 7<br>Intentionally Left Blank        | 8<br>Intentionally Left Blank  | 9<br>Intentionally Left Blank   | 10<br>Intentionally Left Blank | 11<br>Intentionally Left Blank | 12<br>Intentionally Left Blank |          |
| 22       |                                      |                                |                                 |                                |                                |                                | (219)    |
| 23       | Revenues                             |                                |                                 |                                |                                |                                |          |
| 24       |                                      |                                |                                 |                                |                                |                                |          |
| 25       | Expenses                             |                                |                                 |                                |                                |                                | 1,207    |
| 26       |                                      |                                |                                 |                                |                                |                                |          |
| 27       | Operating                            |                                |                                 |                                |                                |                                |          |
| 28       | Income                               | -                              | -                               | -                              | -                              | -                              | (1,426)  |
| 29       |                                      |                                |                                 |                                |                                |                                |          |
| 30       | Interest                             |                                |                                 |                                |                                |                                |          |
| 31       | Expense                              |                                |                                 |                                |                                |                                |          |
| 32       | Other                                |                                |                                 |                                |                                |                                |          |
| 33       | Income /                             |                                |                                 |                                |                                |                                |          |
| 34       | Expense                              |                                |                                 |                                |                                |                                |          |
| 35       |                                      |                                |                                 |                                |                                |                                |          |
| 36       | Net Income                           | -                              | -                               | -                              | -                              | -                              | (1,426)  |
| 37       |                                      |                                |                                 |                                |                                |                                |          |
| 38       |                                      |                                |                                 |                                |                                |                                |          |
| 39       |                                      |                                |                                 |                                |                                |                                |          |
| 40       | Adjustments to Revenues and Expenses |                                |                                 |                                |                                |                                | Total    |
| 41       | 13<br>Intentionally Left Blank       | 14<br>Intentionally Left Blank | 15<br>Intentionally Left Blank  | 16<br>Intentionally Left Blank | 17<br>Intentionally Left Blank | 18<br>Intentionally Left Blank |          |
| 42       |                                      |                                |                                 |                                |                                |                                | (219)    |
| 43       | Revenues                             |                                |                                 |                                |                                |                                |          |
| 44       |                                      |                                |                                 |                                |                                |                                |          |
| 45       | Expenses                             |                                |                                 |                                |                                |                                | 1,207    |
| 46       |                                      |                                |                                 |                                |                                |                                |          |
| 47       | Operating                            |                                |                                 |                                |                                |                                |          |
| 48       | Income                               | -                              | -                               | -                              | -                              | -                              | (1,426)  |
| 49       |                                      |                                |                                 |                                |                                |                                |          |
| 50       | Interest                             |                                |                                 |                                |                                |                                |          |
| 51       | Expense                              |                                |                                 |                                |                                |                                |          |
| 52       | Other                                |                                |                                 |                                |                                |                                |          |
| 53       | Income /                             |                                |                                 |                                |                                |                                |          |
| 54       | Expense                              |                                |                                 |                                |                                |                                |          |
| 55       |                                      |                                |                                 |                                |                                |                                |          |
| 56       | Net Income                           | -                              | -                               | -                              | -                              | -                              | (1,426)  |

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 1

Exhibit  
Rebuttal Schedule C-2  
Page 2  
Witness: Bourassa

| Line<br>No. |   |                 |
|-------------|---|-----------------|
| 1           | <u>Revenue Annualization</u>              |                 |
| 2           |   |                 |
| 3           |   |                 |
| 4           | Revenue Annualization per Rebuttal Filing | \$ 9,738        |
| 5           | Revenue Annualization per Direct Filing   | 9,957           |
| 6           |   |                 |
| 7           |   |                 |
| 8           | Difference                                | <u>\$ (219)</u> |
| 9           |   |                 |
| 10          |   |                 |
| 11          |   |                 |
| 12          | Adjustment to Revenues/Expenses           | <u>\$ (219)</u> |
| 13          |   |                 |
| 14          |   |                 |
| 15          | <u>SUPPORTING SCHEDULE</u>                |                 |
| 16          | C-2, pages 2a-2                           |                 |
| 17          | Staff Adjustment #1 CRM-8                 |                 |
| 18          |   |                 |
| 19          |   |                 |
| 20          |   |                 |

**ICR Water Users Association**

Revenue Annualization to Year End Customers: 5/8 Inch Meter  
Test Year Ended December 31, 2006

Exhibit  
Rebuttal Schedule C-2  
Page 2a  
Witness: Bourassa

| Line No. |  | Month of Jan. | Month of Feb. | Month of March | Month of April | Month of May | Month of June | Month of July |
|----------|--|---------------|---------------|----------------|----------------|--------------|---------------|---------------|
| 1        | Year End Number of Customers           | 334           | 334           | 334            | 334            | 334          | 334           | 334           |
| 2        | Actual Customers                       | 312           | 313           | 317            | 321            | 332          | 333           | 334           |
| 3        | Increase in Number of Customers/Bills  | 22            | 21            | 17             | 13             | 2            | 1             | -             |
| 4        | Average Revenue / Present Rates        | \$ 34.62      | \$ 31.39      | \$ 29.02       | \$ 33.02       | \$ 51.82     | \$ 45.08      | \$ 37.66      |
| 5        | Revenue Annualization / Present Rates  | \$ 762        | \$ 659        | \$ 493         | \$ 429         | \$ 104       | \$ 45         | \$ -          |
| 6        |  |               |               |                |                |              |               |               |
| 7        | Increase in Number of Customers        | 22            | 21            | 17             | 13             | 2            | 1             | -             |
| 8        | Average Revenue / Proposed Rates       | \$ 46.65      | \$ 42.23      | \$ 38.98       | \$ 44.47       | \$ 72.29     | \$ 61.57      | \$ 50.81      |
| 9        | Revenue Annualization / Proposed Rates | \$ 1,026      | \$ 887        | \$ 663         | \$ 578         | \$ 145       | \$ 62         | \$ -          |
| 10       | Additional Gallons to be Produced      | 6,864         | 6,573         | 5,389          | 4,173          | 664          | 333           | -             |
| 11       |  |               |               |                |                |              |               |               |
| 12       |  |               |               |                |                |              |               |               |
| 13       |  |               |               |                |                |              |               |               |
| 14       |  |               |               |                |                |              |               |               |
| 15       | Year End Number of Customers           | 334           | 334           | 334            | 334            | 334          | 334           | 334           |
| 16       | Actual Customers                       | 344           | 334           | 344            | 343            | 339          |               |               |
| 17       | Increase in Number of Customers/Bills  | (10)          | (9)           | (5)            | (1)            | -            |               | 51            |
| 18       | Average Revenue / Present Rates        | \$ 42.40      | \$ 33.79      | \$ 36.12       | \$ 36.42       | \$ 36.42     |               |               |
| 19       | Revenue Annualization / Present Rates  | \$ (424)      | \$ (304)      | \$ (181)       | \$ (36)        | \$ -         |               | \$ 1,547      |
| 20       |  |               |               |                |                |              |               |               |
| 21       | Increase in Number of Customers        | (10)          | (9)           | (5)            | (1)            | -            |               |               |
| 22       | Average Revenue / Proposed Rates       | \$ 57.30      | \$ 45.52      | \$ 48.71       | \$ 49.12       | \$ 49.12     |               |               |
| 23       | Revenue Annualization / Proposed Rates | \$ (424)      | \$ (304)      | \$ (181)       | \$ (36)        | \$ -         |               | \$ 2,085      |
| 24       | Additional Gallons to be Produced      | (3,440)       | (3,087)       | (1,695)        | (335)          | -            |               | 15,439        |



ICR Water Users Association  
Revenue Annualization to Year End Customers:  
Test Year Ended December 31, 2006  
1 Inch Meter

| Line No. |  | Month of Jan. | Month of Feb. | Month of March | Month of April | Month of May | Month of June | Month of July |
|----------|--|---------------|---------------|----------------|----------------|--------------|---------------|---------------|
| 1        | Year End Number of Customers           | 20            | 20            | 20             | 20             | 20           | 20            | 20            |
| 2        | Actual Customers                       | 13            | 16            | 11             | 16             | 18           | 18            | 19            |
| 3        | Increase in Number of Customers/Bills  | 7             | 4             | 9              | 4              | 2            | 2             | 1             |
| 4        | Average Revenue / Present Rates        | \$ 56.25      | \$ 58.31      | \$ 51.66       | \$ 54.38       | \$ 75.98     | \$ 92.07      | \$ 73.36      |
| 5        | Revenue Annualization / Present Rates  | \$ 394        | \$ 233        | \$ 465         | \$ 218         | \$ 152       | \$ 184        | \$ 73         |
| 6        |  |               |               |                |                |              |               |               |
| 7        | Increase in Number of Customers        | 7             | 4             | 9              | 4              | 2            | 2             | 1             |
| 8        | Average Revenue / Proposed Rates       | \$ 77.89      | \$ 80.72      | \$ 71.60       | \$ 75.33       | \$ 104.91    | \$ 126.95     | \$ 101.32     |
| 9        | Revenue Annualization / Proposed Rates | \$ 545        | \$ 323        | \$ 644         | \$ 301         | \$ 210       | \$ 254        | \$ 101        |
| 10       | Additional Gallons to be Produced      | 11,139        | 10,252        | 92,504         | 72             | 38           | 40            | 24            |
| 11       |  |               |               |                |                |              |               |               |
| 12       |  |               |               |                |                |              |               |               |
| 13       |  |               |               |                |                |              |               |               |
| 14       |  |               |               |                |                |              |               |               |
| 15       | Year End Number of Customers           | 20            | 20            | 20             | 20             | 20           | 20            | 20            |
| 16       | Actual Customers                       | 20            | 19            | 20             | 24             | 21           |               |               |
| 17       | Increase in Number of Customers/Bills  | -             | (4)           | (1)            | 2              | -            |               | 26            |
| 18       | Average Revenue / Present Rates        | \$ 77.15      | \$ 109.76     | \$ 72.53       | \$ 68.12       | \$ 66.38     |               |               |
| 19       | Revenue Annualization / Present Rates  | \$ -          | \$ (439)      | \$ (73)        | \$ 136         | \$ -         |               | \$ 1,344      |
| 20       |  |               |               |                |                |              |               |               |
| 21       | Increase in Number of Customers        | -             | (4)           | (1)            | 2              | -            |               |               |
| 22       | Average Revenue / Proposed Rates       | \$ 106.51     | \$ 151.16     | \$ 100.19      | \$ 94.15       | \$ 91.76     |               |               |
| 23       | Revenue Annualization / Proposed Rates | \$ -          | \$ (439)      | \$ (73)        | \$ 136         | \$ -         |               | \$ 1,862      |
| 24       | Additional Gallons to be Produced      | -             | (72)          | (20)           | -              | -            |               | 113,976       |

## Exhibit

Revenue Annualization / 1 Inch Residential Customers to Year End Number of Customers

Test Year Ended December 31, 2006

## Rebuttal Schedule C-2

Page 2c

Witness: Bourassa

| Line No. |  | Month of Jan. | Month of Feb. | Month of March | Month of April | Month of May | Month of June | Month of July |
|----------|--|---------------|---------------|----------------|----------------|--------------|---------------|---------------|
| 1        | Year End Number of Customers           | 10            | 10            | 10             | 10             | 10           | 10            | 10            |
| 2        | Actual Customers                       | 10            | 10            | 6              | 7              | 8            | 8             | 9             |
| 3        | Increase in Number of Customers/Bills  | -             | -             | 4              | 3              | 2            | 2             | 1             |
| 4        | Average Revenue / Present Rates        | \$ 224.12     | \$ 279.81     | \$ 229.53      | \$ 626.84      | \$ 458.55    | \$ 856.57     | \$ 581.24     |
| 5        | Revenue Annualization / Present Rates  | \$ -          | \$ -          | \$ 918         | \$ 1,881       | \$ 917       | \$ 1,713      | \$ 581        |
| 6        |  |               |               |                |                |              |               |               |
| 7        | Increase in Number of Customers        | -             | -             | 4              | 3              | 2            | 2             | 1             |
| 8        | Average Revenue / Proposed Rates       | \$ 302.10     | \$ 390.69     | \$ 310.71      | \$ 942.71      | \$ 675.01    | \$ 1,308.15   | \$ 870.18     |
| 9        | Revenue Annualization / Proposed Rates | \$ -          | \$ -          | \$ 1,243       | \$ 2,828       | \$ 1,350     | \$ 2,616      | \$ 870        |
| 10       | Additional Gallons to be Produced      | -             | -             | 103,335        | 503,187        | 215,250      | 499,550       | 151,445       |
| 11       |  |               |               |                |                |              |               |               |
| 12       |  |               |               |                |                |              |               |               |
| 13       |  |               |               |                |                |              |               |               |
| 14       |  |               |               |                |                |              |               |               |
| 15       | Year End Number of Customers           | 10            | 10            | 10             | 10             | 10           | 10            | 10            |
| 16       | Actual Customers                       | 10            | 9             | 10             | 5              | 11           |               |               |
| 17       | Increase in Number of Customers/Bills  | -             | 5             | (1)            | 1              | -            |               | 17            |
| 18       | Average Revenue / Present Rates        | \$ 408.28     | \$ 175.12     | \$ 289.26      | \$ 250.72      | \$ 250.72    |               |               |
| 19       | Revenue Annualization / Present Rates  | \$ -          | \$ 876        | \$ (289)       | \$ 251         | \$ -         |               | \$ 6,847      |
| 20       |  |               |               |                |                |              |               |               |
| 21       | Increase in Number of Customers        | -             | 5             | (1)            | 1              | -            |               |               |
| 22       | Average Revenue / Proposed Rates       | \$ 595.04     | \$ 234.14     | \$ 405.72      | \$ 344.42      | \$ 344.42    |               | \$ 10,017     |
| 23       | Revenue Annualization / Proposed Rates | \$ -          | \$ 876        | \$ (289)       | \$ 251         | \$ -         |               | \$ 1,508,161  |
| 24       | Additional Gallons to be Produced      | -             | 32,002        | (47,164)       | 50,556         | -            |               |               |

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 2

Exhibit  
Rebuttal Schedule C-2  
Page 3  
Witness: Bourassa

| Line<br>No. |  |                 |
|-------------|--|-----------------|
| 1           | <u>Repairs and Maintenance</u>                 |                 |
| 2           |  |                 |
| 3           |  |                 |
| 4           | Staff Adjusted Repairs and Maintenance (CRM-9) | \$ 14,389       |
| 5           | Repairs and Maintenance per Direct Filing      | 14,542          |
| 6           |  |                 |
| 7           |  |                 |
| 8           | Difference                                     | <u>\$ (153)</u> |
| 9           |  |                 |
| 10          |  |                 |
| 11          |  |                 |
| 12          | Adjustment to Revenues/Expenses                | <u>\$ (153)</u> |
| 13          |  |                 |
| 14          |  |                 |
| 15          | <u>SUPPORTING SCHEDULE</u>                     |                 |
| 16          | Staff Adjustment #2 CRM-9                      |                 |
| 17          |  |                 |
| 18          |  |                 |
| 19          |  |                 |
| 20          |  |                 |

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Rebuttal Schedule C-2  
Page 4  
Witness: Bourassa

| Line<br>No. |  |    |              |
|-------------|--|----|--------------|
| 1           | <u>Contractual Services - Other</u>            |    |              |
| 2           |  |    |              |
| 3           |  |    |              |
| 4           | Staff Adjusted Contractual Services (CRM-10)   | \$ | 86,227       |
| 5           | Contractual Services - Other per Direct Filing |    | 83,963       |
| 6           |  |    |              |
| 7           |  |    |              |
| 8           | Difference                                     | \$ | <u>2,264</u> |
| 9           |  |    |              |
| 10          |  |    |              |
| 11          |  |    |              |
| 12          | Adjustment to Revenues/Expenses                | \$ | <u>2,264</u> |
| 13          |  |    |              |
| 14          |  |    |              |
| 15          | <u>SUPPORTING SCHEDULE</u>                     |    |              |
| 16          | Staff Adjustment #3 CRM-10                     |    |              |
| 17          |  |    |              |
| 18          |  |    |              |
| 19          |  |    |              |
| 20          |  |    |              |

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 4

Exhibit  
Rebuttal Schedule C-2  
Page 5  
Witness: Bourassa

Line  
No.

1 Water Testing

2

3

4 Staff Adjusted Water testing Expense (CRM-11)

\$ 4,029

5 Water testing Expense per Direct Filing

4,946

6

7

8 Difference

\$ (917)

9

10

11

12 Adjustment to Revenues/Expenses

\$ (917)

13

14

15 SUPPORTING SCHEDULE

16 Staff Adjustment #4 CRM-11

17

18

19

20

ICR Water Users Association  
Test Year Ended December 31, 2006  
Adjustment to Revenues and Expenses  
Adjustment Number 5

Exhibit  
Rebuttal Schedule C-2  
Page 6  
Witness: Bourassa

Line  
No.

|    |  |            |
|----|--|------------|
| 1  | <u>Adjust Property Taxes to Reflect Proposed Revenues:</u> |            |
| 2  |  |            |
| 3  | Adjusted Revenues in year ended 12/31/2006                 | \$ 268,047 |
| 4  | Adjusted Revenues in year ended 12/31/2006                 | 268,047    |
| 5  | Proposed Revenues  | 356,594    |
| 6  |  |            |
| 7  | Average of three year's of revenue                         | \$ 297,562 |
| 8  | Average of three year's of revenue, times 2                | \$ 595,124 |
| 9  | Add:   |            |
| 10 | Construction Work in Progress at 10%                       | \$ -       |
| 11 | Deduct:  |            |
| 12 | Book Value of Transportation Equipment                     | -          |
| 13 |  |            |
| 14 | Full Cash Value  | \$ 595,124 |
| 15 | Assessment Ratio   | 23.50%     |
| 16 | Assessed Value   | 139,854    |
| 17 | Property Tax Rate  | 7.9800%    |
| 18 |  |            |
| 19 | Property Tax   | 11,160     |
| 20 | Tax on Parcels   | 0          |
| 21 |  |            |
| 22 | Total Property Tax at Proposed Rates Rebuttal              | \$ 11,160  |
| 23 | Property Taxes per Direct Filing                           | 11,148     |
| 24 | Change in Property Taxes                                   | \$ 12      |
| 25 |  |            |
| 26 |  |            |
| 27 | Adjustment to Revenues and/or Expenses                     | \$ 12      |
| 28 |  |            |
| 29 |  |            |

ICR Water Users Association

Revenue Summary

Test Year Ended December 31, 2006

Exhibit  
Rebuttal Schedule H-1  
Page 1  
Witness: Bourassa

Customer Classification  
and/or  
Meter Size

| Line No. | Customer Classification and/or Meter Size    | Total Revenues at |                | Percent Change   |
|----------|--|-------------------|----------------|------------------|
|          |  | Present Rates     | Proposed Rates |                  |
| 1        | 5/8 x 3/4 Inch Residential                   | \$ 148,282        | \$ 207,922     | \$ 59,640 40.22% |
| 2        | 3/4 Inch Residential                         | -                 | -              | - 0.00%          |
| 3        | 1 Inch Residential                           | 15,942            | 22,328         | 6,386 40.06%     |
| 4        | 2 Inch Residential                           | 39,929            | 58,391         | 18,462 46.24%    |
| 5        | Construction Water                           | 417               | 664            | 246 59.07%       |
| 6        |  | -                 | -              | -                |
| 7        |  | -                 | -              | -                |
| 8        |  |                   |                |                  |
| 9        |  |                   |                |                  |
| 10       | Subtotals of Revenues                        | \$ 204,571        | \$ 289,305     | \$ 84,734 41.42% |
| 11       |  |                   |                |                  |
| 12       | Other Water Revenues                         | 53,403            | 53,403         | - 0.00%          |
| 13       |  |                   |                |                  |
| 14       |  |                   |                |                  |
| 15       | Subtotals of Revenues                        | \$ 257,974        | \$ 342,708     | \$ 84,734 32.85% |
| 16       | Revenue Annualizations:                      |                   |                |                  |
| 17       | 5/8 Inch Residential                         | 1,547             | 2,085          | 538 34.76%       |
| 18       | 3/4 Inch Residential                         | -                 | -              | - 0.00%          |
| 19       | 1 Inch Residential                           | 1,344             | 1,862          | 519 38.61%       |
| 20       | 2 Inch Residential                           | 6,847             | 10,017         | 3,170 46.29%     |
| 21       | Construction Water                           | -                 | -              | - 0.00%          |
| 22       |  |                   |                |                  |
| 23       | Subtotal Revenue Annualization               | 9,738             | 13,964         | 4,226 43.40%     |
| 24       |  |                   |                |                  |
| 25       | Revenue Reconciliation                       |                   | (335)          | (335) 0.00%      |
| 26       |  |                   |                |                  |
| 27       | Total Revenues Per Bill Count                | \$ 267,712        | \$ 356,337     | \$ 88,625 33.10% |
| 28       | With Annualization                           |                   |                |                  |
| 29       |  |                   |                |                  |
| 30       | Subtotal of Revenues Above w/o Annualization | \$ 257,974        |                |                  |
| 31       | Unadjusted Revenues Per C-1 Direct Filing    | \$ 258,309        |                |                  |
| 32       | Difference in Dollars                        | \$ (335)          |                |                  |
| 33       | Difference in Percentage                     | -0.13%            |                |                  |
| 34       | Tolerance Allowed by ACC Staff               | 0.50%             |                |                  |

ICR Water Users Association  
 Analysis of Revenue by Detailed Class  
 Test Year Ended December 31, 2006

Exhibit  
 Rebuttal Schedule H-2  
 Page 1  
 Witness: Bourassa

| Line No. | Customer Classification and/or Meter Size | (a)                                       |                     | Revenues      |                | Proposed Increase |                | Percent of Customers |
|----------|---|---|---------------------|---------------|----------------|-------------------|----------------|----------------------|
|          |   | Average Number of Customers at 12/31/2004 | Average Consumption | Present Rates | Proposed Rates | Dollar Amount     | Percent Amount |                      |
| 1        | 5/8 x 3/4 Inch Residential                | 330                                       | 7,085               | \$ 37.04      | \$ 49.96       | 13                | 34.90%         | 92.56%               |
| 2        | 3/4 Inch Residential                      | -   | -                   | -             | -              | -                 | 0.00%          | 0.00%                |
| 3        | 1 Inch Residential                        | 18  | 9,470               | 73.72         | 101.81         | 28                | 38.11%         | 5.01%                |
| 4        | 2 Inch Residential                        | 9   | 82,182              | 387.31        | 561.69         | 174               | 45.02%         | 2.41%                |
| 5        | Construction Water                        | 0   | 149,000             | 417.20        | 663.65         | 246               | 59.07%         | 0.02%                |
| 6        |   |   |                     |               |                |                   |                |                      |
| 7        |   |   |                     |               |                |                   |                |                      |
| 8        |   |   |                     |               |                |                   |                |                      |
| 9        |   |   |                     |               |                |                   |                |                      |
| 10       |   |   |                     |               |                |                   |                |                      |
| 11       |   |   |                     |               |                |                   |                |                      |
| 12       |   |   |                     |               |                |                   |                |                      |
| 13       |   |   |                     |               |                |                   |                |                      |
| 14       | Totals                                    | 356                                       |                     |               |                |                   |                | 100.00%              |
| 15       |   |   |                     |               |                |                   |                |                      |
| 16       | Actual Year End Number                    |   |                     |               |                |                   |                |                      |
| 17       | of Customers:                             | 364                                       |                     |               |                |                   |                |                      |
| 18       |   |   |                     |               |                |                   |                |                      |
| 19       |   |   |                     |               |                |                   |                |                      |
| 20       |   |   |                     |               |                |                   |                |                      |
| 21       |   |   |                     |               |                |                   |                |                      |



**ICR Water Users Association**  
Present and Proposed Rates  
Test Year Ended December 31, 2006

Exhibit  
Rebuttal Schedule H-3  
Page 1  
Witness: Bourassa

| Line No. | Customer Classification and Meter Size (Residential, Commercial, Irrigation) | Present Rates         | Proposed Rates (a) | Percent Change |
|----------|--|-----------------------|--------------------|----------------|
| 1        | Monthly Usage Charge for:  |                       |                    |                |
| 2        | 5/8 x 3/4 Inch   | \$ 20.00              | \$ 26.20           | 31.00%         |
| 3        | 3/4 Inch   | 20.00                 | 39.30              | 96.50%         |
| 4        | 1 Inch   | 50.00                 | 65.50              | 31.00%         |
| 5        | 1 1/2 Inch   | 100.00                | 131.00             | 31.00%         |
| 6        | 2 Inch   | 160.00                | 209.60             | 31.00%         |
| 7        | 3 Inch   | 300.00                | 419.20             | 39.73%         |
| 8        | 4 Inch   | 500.00                | 655.00             | 31.00%         |
| 9        | 5 Inch   | N/A                   | N/A                |                |
| 10       | 6 Inch   | 1,000.00              | 1,310.00           | 31.00%         |
| 11       |  |                       |                    |                |
| 12       |  |                       |                    |                |
| 13       |  |                       |                    |                |
| 14       |  |                       |                    |                |
| 15       | Gallons included in Minimum  | 1,000                 | -                  |                |
| 16       |  |                       |                    |                |
| 17       | <u>Tier 1: (Gallon upper limit, up to, but not exceeding)</u>                |                       |                    |                |
| 18       | 5/8 x 3/4 Inch Residential, Commercial, Irrigation                           | All gallons over min. | Please See         |                |
| 19       | 3/4 Inch Residential, Commercial, Irrigation                                 | All gallons over min. | Pages 2 and 3      |                |
| 20       | 1 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 21       | 1.5 Inch Residential, Commercial, Irrigation                                 | All gallons over min. |                    |                |
| 22       | 2 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 23       | 3 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 24       | 4 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 25       | 6 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 26       | 8 Inch Residential, Commercial, Irrigation                                   | All gallons over min. |                    |                |
| 27       |  |                       |                    |                |
| 28       | <u>Tier 2: (Gallon upper limit, up to, but not exceeding)</u>                |                       |                    |                |
| 29       | 5/8 x 3/4 Inch Residential, Commercial, Irrigation                           |                       |                    |                |
| 30       | 3/4 Inch Residential, Commercial, Irrigation                                 |                       |                    |                |
| 31       | 1 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 32       | 1.5 Inch Residential, Commercial, Irrigation                                 |                       |                    |                |
| 33       | 2 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 34       | 3 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 35       | 4 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 36       | 6 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 37       | 8 Inch Residential, Commercial, Irrigation                                   |                       |                    |                |
| 38       |  |                       |                    |                |

ICR Water Users Association  
 Present and Proposed Rates  
 Test Year Ended December 31, 2006

| Customer Classification<br>and Meter Size |   | Present<br>Rates                    | Proposed<br>Rates | Percent<br>Change |
|---|---|-------------------------------------|-------------------|-------------------|
| Line<br>No.                               |   |                                     |                   |                   |
| 1   | Tier 3: (Gallon upper limit, up to, but not exceeding)                |                                     |                   |                   |
| 2   | 5/8 x 3/4 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 3   | 3/4 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 4   | 1 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 5   | 1.5 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 6   | 2 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 7   | 3 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 8   | 4 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 9   | 6 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 10  | 8 Inch  | Residential, Commercial, Irrigation |                   |                   |
| 11  |   |                                     |                   |                   |
| 12  |   |                                     |                   |                   |
| 13  | Commodity Rates (per 1,000 gallons in excess of gallons in Each Tier) |                                     |                   |                   |
| 14  | All customer classes except Bulk Water                                | Tier 1                              | \$ 2.80           | 6.57%             |
| 15  | All customer classes except Bulk Water                                | Tier 2                              | \$ 2.80           | 36.93%            |
| 16  | All customer classes except Bulk Water                                | Tier 3                              | \$ 2.80           | 59.07%            |
| 17  |   |                                     |                   |                   |
| 18  |   |                                     |                   |                   |
| 19  |   |                                     |                   |                   |
| 20  |   |                                     |                   |                   |
| 21  |   |                                     |                   |                   |
| 22  |   |                                     |                   |                   |
| 23  | 5/8 and 3/4 Inch Meters   | Average Usage                       |                   |                   |
| 24  | Tier 1  | 7,085                               |                   |                   |
| 25  | Tier 2  | over                                |                   |                   |
| 26  | Tier 3  | over                                |                   |                   |
| 27  |   |                                     |                   |                   |
| 28  |   |                                     |                   |                   |
| 29  | 1 Inch Meter  | Average Usage                       |                   |                   |
| 30  | Tier 1  | 9,470                               |                   |                   |
| 31  | Tier 2  | over                                |                   |                   |
| 32  | Tier 3  | over                                |                   |                   |
| 33  |   |                                     |                   |                   |
| 34  |   |                                     |                   |                   |

| Proposed Rates  |       | To<br>Gallons | Price    |
|-----------------|-------|---------------|----------|
| From<br>Gallons |       |               |          |
| -               | up to | 4,000         | \$ 2.984 |
| 4,000           | up to | 9,000         | \$ 3.834 |
| 9,000           | over  |               | \$ 4.454 |
|                 |       |               |          |
|                 |       |               |          |
|                 |       |               |          |
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| Proposed Rates |         | To      |    | Price |
|----------------|---------|---------|----|-------|
| From           | Gallons | Gallons |    |       |
| -              | up to   | 4,000   | \$ | 2.984 |
| 4,000          | up to   | 9,000   | \$ | 3.834 |
| 9,000          |         |         | \$ | 4.454 |
| -              | up to   | 22,500  | \$ | 3.834 |
| 22,500         |         |         | \$ | 4.454 |

ICR Water Users Association  
Present and Proposed Rates  
Test Year Ended December 31, 2006

Exhibit  
Rebuttal Schedule H-3  
Page 3  
Witness: Bourassa

| Line No. | Customer Classification and Meter Size |                              | Proposed Rates |             |         | Percent Change |
|----------|--|------------------------------|----------------|-------------|---------|----------------|
|          |  |                              | From Gallons   | To Gallons  |         |                |
| 1        |  |                              |                |             |         |                |
| 2        |  |                              |                |             |         |                |
| 3        | 1.5 Inch Meter                         |                              |                |             |         |                |
| 4        | Tier 1                                 | $(100/20) \times (4,000) =$  | 20,000         |             |         | 3.834          |
| 5        | Tier 2                                 | $(100/20) \times (9,000) =$  | 45,000         | 45,000      | \$      | 4.454          |
| 6        | Tier 3                                 |                              |                |             |         |                |
| 7        |  |                              |                |             |         |                |
| 8        | 2 Inch Meter                           |                              |                |             |         |                |
| 9        | Tier 1                                 | Average Usage                |                |             |         |                |
| 10       | Tier 2                                 | $(160/20) \times (4,000) =$  | 32,000         |             | 72,000  | 3.834          |
| 11       | Tier 3                                 | $(160/20) \times (9,000) =$  | 72,000         | 72,000      | \$      | 4.454          |
| 12       |  |                              |                |             |         |                |
| 13       | 3 Inch Meter                           |                              |                |             |         |                |
| 14       | Tier 1                                 | $(320/20) \times (4,000) =$  | 64,000         |             | 144,000 | 3.834          |
| 15       | Tier 2                                 | $(320/20) \times (9,000) =$  | 144,000        | 144,001     | \$      | 4.454          |
| 16       | Tier 3                                 |                              |                |             |         |                |
| 17       |  |                              |                |             |         |                |
| 18       | 4 Inch Meter                           |                              |                |             |         |                |
| 19       | Tier 1                                 | $(500/20) \times (4,000) =$  | 100,000        |             | 225,000 | 3.834          |
| 20       | Tier 2                                 | $(500/20) \times (9,000) =$  | 225,000        | 225,001     | \$      | 4.454          |
| 21       | Tier 3                                 |                              |                |             |         |                |
| 22       |  |                              |                |             |         |                |
| 23       |  |                              |                |             |         |                |
| 24       | 6 Inch Meter                           |                              |                |             |         |                |
| 25       | Tier 1                                 | $(1000/20) \times (4,000) =$ | 200,000        |             | 450,000 | 3.834          |
| 26       | Tier 2                                 | $(1000/20) \times (9,000) =$ | 450,000        | 450,001     | \$      | 4.454          |
| 27       | Tier 3                                 |                              |                |             |         |                |
| 28       |  |                              |                |             |         |                |
| 29       | Constuction Water                      | Average Usage                |                | All Gallons | \$      | 4.454          |
|          |  |                              |                | 149,000     |         |                |

ICR Water Users Association  
Present and Proposed Rates  
Test Year Ended December 31, 2006

| Line No. | Meter and Service Line Charges | Present Service Line Charge | Present Meter Installation Charge | Total Present Charge | Proposed Service Line Charge | Proposed Meter Installation Charge | Total Proposed Charge |
|----------|--------------------------------|-----------------------------|-----------------------------------|----------------------|------------------------------|------------------------------------|-----------------------|
| 1        |                                |                             |                                   | \$ 250.00            | \$ 385.00                    | \$ 135.00                          | \$ 520.00             |
| 2        |                                |                             |                                   |                      |                              |                                    |                       |
| 3        |                                |                             |                                   |                      |                              |                                    |                       |
| 4        |                                |                             |                                   |                      |                              |                                    |                       |
| 5        |                                |                             |                                   |                      |                              |                                    |                       |
| 6        |                                |                             |                                   |                      |                              |                                    |                       |
| 7        | 5/8 x 3/4 Inch                 |                             |                                   | 250.00               | 385.00                       | 215.00                             | 600.00                |
| 8        | 3/4 Inch                       |                             |                                   | 300.00               | 435.00                       | 255.00                             | 690.00                |
| 9        | 1 Inch                         |                             |                                   | 450.00               | 470.00                       | 465.00                             | 935.00                |
| 10       | 1 1/2 Inch                     |                             |                                   | 625.00               | 630.00                       | 965.00                             | 1,595.00              |
| 11       | 2 Inch Turbo                   |                             |                                   | 825.00               | 805.00                       | 1,470.00                           | 2,320.00              |
| 12       | 2 Inch Compound                |                             |                                   | 825.00               | 845.00                       | 1,470.00                           | 2,275.00              |
| 13       | 3 Inch Turbo                   |                             |                                   | 1,450.00             | 1,170.00                     | 2,350.00                           | 3,110.00              |
| 14       | 3 Inch Compound                |                             |                                   | 1,450.00             | 1,230.00                     | 3,245.00                           | 3,520.00              |
| 15       | 4 Inch Turbo                   |                             |                                   | 3,100.00             | 1,730.00                     | 4,545.00                           | 4,475.00              |
| 16       | 4 Inch Compound                |                             |                                   | 3,100.00             | 1,770.00                     | 6,280.00                           | 6,275.00              |
| 17       | 6 Inch Turbo                   |                             |                                   | NA                   | At Cost                      | At Cost                            | 8,050.00              |
| 18       | 6 Inch Compound                |                             |                                   | NA                   | At Cost                      | At Cost                            | At Cost               |
| 19       | 8 Inch                         |                             |                                   | NA                   | At Cost                      | At Cost                            | At Cost               |
| 20       | 10 Inch                        |                             |                                   | NA                   | At Cost                      | At Cost                            | At Cost               |
| 21       | 12 Inch                        |                             |                                   | NA                   | At Cost                      | At Cost                            | At Cost               |
| 22       |                                |                             |                                   |                      |                              |                                    |                       |
| 23       |                                |                             |                                   |                      |                              |                                    |                       |
| 24       | Other Charges:                 |                             |                                   |                      |                              |                                    |                       |
| 25       |                                |                             |                                   |                      |                              |                                    |                       |
| 26       |                                |                             |                                   |                      |                              |                                    |                       |

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|---|----------|
| Establishment (R14-2-403.D.1)               | \$ 25.00 |
| Establishment (After Hours) (R14-2-403.D.2) | \$ 50.00 |
| Meter Test (R14-2-408.F)                    | \$ 20.00 |
| Deposit (R14-2-403.B)                       | \$ 40.00 |
| Deposit Interest (R14-2-403.B.3)            | PER RULE |
| Re-establishment (R14-2-403.D.1)            | PER RULE |
| NSF Check (R14-2-409.F.1)                   | \$ 15.00 |
| Deferred Payment (R14-2-409.G.6)            | 1.5%     |
| Meter Re-read (R14-2-408.C.2)               | \$ 10.00 |
|   | (a)      |

|                                       |          |
|---------------------------------------|----------|
| Establishment                         | \$ 25.00 |
| Establishment (After Hours)           | \$ 50.00 |
| Reconnection (Delinquent)             | \$ 20.00 |
| Reconnection (Delinquent) after hours | N/A      |
| Meter Test                            | \$ 20.00 |
| Deposit                               | PER RULE |
| Deposit Interest                      | PER RULE |
| Re-establishment (Within 12 months)   | PER RULE |
| NSF Check                             | \$ 15.00 |
| Deferred Payment                      | 1.5%     |
| Meter Re-read                         | \$ 10.00 |
| Late Fee                              | (a)      |

|   |
|---|
| Establishment (R14-2-403.D.1)               |
| Establishment (After Hours) (R14-2-403.D.2) |
| Meter Test (R14-2-408.F)                    |
| Deposit (R14-2-403.B)                       |
| Deposit Interest (R14-2-403.B.3)            |
| Re-establishment (R14-2-403.D.1)            |
| NSF Check (R14-2-409.F.1)                   |
| Deferred Payment (R14-2-409.G.6)            |
| Meter Re-read (R14-2-408.C.2)               |

ICR Water Users Association  
 Bill Comparison of Present and Proposed Rates  
 Customer Classification 5/8 Inch Meter  
 Test Year Ended December 31, 2006  
 (Excludes all Revenue Related Taxes)

Exhibit  
 Rebuttal Schedule H-4  
 Page 1  
 Witness: Bourassa

| <u>Usage</u> | <u>Present</u> | <u>Proposed</u> | <u>Dollar</u>   | <u>Percent</u>  |
|--------------|----------------|-----------------|-----------------|-----------------|
|              | <u>Bill</u>    | <u>Bill</u>     | <u>Increase</u> | <u>Increase</u> |
| -            | \$ 20.00       | \$ 26.20        | \$ 6.20         | 31.00%          |
| 1,000        | 20.00          | 29.18           | \$ 9.18         | 45.92%          |
| 2,000        | 22.80          | 32.17           | \$ 9.37         | 41.09%          |
| 3,000        | 25.60          | 35.15           | \$ 9.55         | 37.31%          |
| 4,000        | 28.40          | 38.14           | \$ 9.74         | 34.28%          |
| 5,000        | 31.20          | 41.97           | \$ 10.77        | 34.52%          |
| 6,000        | 34.00          | 45.80           | \$ 11.80        | 34.72%          |
| 7,000        | 36.80          | 49.64           | \$ 12.84        | 34.89%          |
| 8,000        | 39.60          | 53.47           | \$ 13.87        | 35.03%          |
| 9,000        | 42.40          | 57.31           | \$ 14.91        | 35.16%          |
| 10,000       | 45.20          | 61.76           | \$ 16.56        | 36.64%          |
| 12,000       | 50.80          | 70.67           | \$ 19.87        | 39.11%          |
| 14,000       | 56.40          | 79.58           | \$ 23.18        | 41.09%          |
| 16,000       | 62.00          | 88.48           | \$ 26.48        | 42.72%          |
| 18,000       | 67.60          | 97.39           | \$ 29.79        | 44.07%          |
| 20,000       | 73.20          | 106.30          | \$ 33.10        | 45.22%          |
| 25,000       | 87.20          | 128.57          | \$ 41.37        | 47.44%          |
| 30,000       | 101.20         | 150.84          | \$ 49.64        | 49.05%          |
| 35,000       | 115.20         | 173.11          | \$ 57.91        | 50.27%          |
| 40,000       | 129.20         | 195.38          | \$ 66.18        | 51.22%          |
| 45,000       | 143.20         | 217.65          | \$ 74.45        | 51.99%          |
| 50,000       | 157.20         | 239.92          | \$ 82.72        | 52.62%          |
| 60,000       | 185.20         | 284.46          | \$ 99.26        | 53.60%          |
| 70,000       | 213.20         | 329.00          | \$ 115.80       | 54.32%          |
| 80,000       | 241.20         | 373.54          | \$ 132.34       | 54.87%          |
| 90,000       | 269.20         | 418.08          | \$ 148.88       | 55.30%          |
| 100,000      | 297.20         | 462.62          | \$ 165.42       | 55.66%          |

**Present Rates:**  
 Monthly Minimum: \$ 20.00  
 Gallons in Minimum 1,000  
 Charge Per 1,000 Gallons \$ 2.80

**Proposed Rates:**  
 Monthly Minimum: \$ 26.20  
 Gallons in Minimum -  
 Charge Per 1,000 Gallons  
 Up to 4,000 \$ 2.984  
 Up to 9,000 \$ 3.834  
 Over 9,000 \$ 4.454

|               |    |       |          |          |        |
|---------------|----|-------|----------|----------|--------|
| Average Usage |    |       |          |          |        |
| 7,085         | \$ | 37.04 | \$ 49.96 | \$ 12.93 | 34.90% |
| Median Usage  |    |       |          |          |        |
| 4,500         | \$ | 29.80 | \$ 40.05 | \$ 10.25 | 34.41% |

ICR Water Users Association  
 Bill Comparison of Present and Proposed Rates  
 Customer Classification 1 Inch Meter  
 Test Year Ended December 31, 2006  
 (Excludes all Revenue Related Taxes)

Exhibit  
 Rebuttal Schedule H-4  
 Page 2  
 Witness: Bourassa

| <u>Usage</u> | <u>Present</u><br><u>Bill</u> | <u>Proposed</u><br><u>Bill</u> | <u>Dollar</u><br><u>Increase</u> | <u>Percent</u><br><u>Increase</u> |
|--------------|-------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| -            | \$ 50.00                      | \$ 65.50                       | \$ 15.50                         | 31.00%                            |
| 1,000        | 50.00                         | 69.33                          | \$ 19.33                         | 38.67%                            |
| 2,000        | 52.80                         | 73.17                          | \$ 20.37                         | 38.58%                            |
| 3,000        | 55.60                         | 77.00                          | \$ 21.40                         | 38.49%                            |
| 4,000        | 58.40                         | 80.84                          | \$ 22.44                         | 38.42%                            |
| 5,000        | 61.20                         | 84.67                          | \$ 23.47                         | 38.35%                            |
| 6,000        | 64.00                         | 88.50                          | \$ 24.50                         | 38.29%                            |
| 7,000        | 66.80                         | 92.34                          | \$ 25.54                         | 38.23%                            |
| 8,000        | 69.60                         | 96.17                          | \$ 26.57                         | 38.18%                            |
| 9,000        | 72.40                         | 100.01                         | \$ 27.61                         | 38.13%                            |
| 10,000       | 75.20                         | 103.84                         | \$ 28.64                         | 38.09%                            |
| 12,000       | 80.80                         | 111.51                         | \$ 30.71                         | 38.00%                            |
| 14,000       | 86.40                         | 119.18                         | \$ 32.78                         | 37.94%                            |
| 16,000       | 92.00                         | 126.84                         | \$ 34.84                         | 37.87%                            |
| 18,000       | 97.60                         | 134.51                         | \$ 36.91                         | 37.82%                            |
| 20,000       | 103.20                        | 142.18                         | \$ 38.98                         | 37.77%                            |
| 25,000       | 117.20                        | 162.90                         | \$ 45.70                         | 38.99%                            |
| 30,000       | 131.20                        | 185.17                         | \$ 53.97                         | 41.14%                            |
| 35,000       | 145.20                        | 207.44                         | \$ 62.24                         | 42.87%                            |
| 40,000       | 159.20                        | 229.71                         | \$ 70.51                         | 44.29%                            |
| 45,000       | 173.20                        | 251.98                         | \$ 78.78                         | 45.48%                            |
| 50,000       | 187.20                        | 274.25                         | \$ 87.05                         | 46.50%                            |
| 60,000       | 215.20                        | 318.79                         | \$ 103.59                        | 48.14%                            |
| 70,000       | 243.20                        | 363.33                         | \$ 120.13                        | 49.40%                            |
| 80,000       | 271.20                        | 407.87                         | \$ 136.67                        | 50.39%                            |
| 90,000       | 299.20                        | 452.41                         | \$ 153.21                        | 51.21%                            |
| 100,000      | 327.20                        | 496.95                         | \$ 169.75                        | 51.88%                            |

**Present Rates:**  
 Monthly Minimum: \$ 50.00  
 Gallons in Minimum 1,000  
 Charge Per 1,000 Gallons  
 All gallons \$ 2.80

**Proposed Rates:**  
 Monthly Minimum: \$ 65.50  
 Gallons in Minimum -  
 Charge Per 1,000 Gallons  
 Up to 22,500 \$ 3.834  
 Over 22,500 \$ 4.454

|               |          |           |          |        |
|---------------|----------|-----------|----------|--------|
| Average Usage |          |           |          |        |
| 9,470         | \$ 73.72 | \$ 101.81 | \$ 28.09 | 38.11% |
| Median Usage  |          |           |          |        |
| 1,500         | \$ 51.40 | \$ 71.25  | \$ 19.85 | 38.62% |

ICR Water Users Association  
 Bill Comparison of Present and Proposed Rates  
 Customer Classification 2 Inch Meter  
 Test Year Ended December 31, 2006  
 (Excludes all Revenue Related Taxes)

Exhibit  
 Rebuttal Schedule H-4  
 Page 3  
 Witness: Bourassa

| <u>Usage</u> | <u>Present</u><br><u>Bill</u> | <u>Proposed</u><br><u>Bill</u> | <u>Dollar</u><br><u>Increase</u> | <u>Percent</u><br><u>Increase</u> |
|--------------|-------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| -            | \$ 160.00                     | \$ 209.60                      | \$ 49.60                         | 31.00%                            |
| 1,000        | 160.00                        | 213.43                         | \$ 53.43                         | 33.40%                            |
| 2,000        | 162.80                        | 217.27                         | \$ 54.47                         | 33.46%                            |
| 3,000        | 165.60                        | 221.10                         | \$ 55.50                         | 33.52%                            |
| 4,000        | 168.40                        | 224.94                         | \$ 56.54                         | 33.57%                            |
| 5,000        | 171.20                        | 228.77                         | \$ 57.57                         | 33.63%                            |
| 6,000        | 174.00                        | 232.60                         | \$ 58.60                         | 33.68%                            |
| 7,000        | 176.80                        | 236.44                         | \$ 59.64                         | 33.73%                            |
| 8,000        | 179.60                        | 240.27                         | \$ 60.67                         | 33.78%                            |
| 9,000        | 182.40                        | 244.11                         | \$ 61.71                         | 33.83%                            |
| 10,000       | 185.20                        | 247.94                         | \$ 62.74                         | 33.88%                            |
| 12,000       | 190.80                        | 255.61                         | \$ 64.81                         | 33.97%                            |
| 14,000       | 196.40                        | 263.28                         | \$ 66.88                         | 34.05%                            |
| 16,000       | 202.00                        | 270.94                         | \$ 68.94                         | 34.13%                            |
| 18,000       | 207.60                        | 278.61                         | \$ 71.01                         | 34.21%                            |
| 20,000       | 213.20                        | 286.28                         | \$ 73.08                         | 34.28%                            |
| 25,000       | 227.20                        | 307.00                         | \$ 79.80                         | 35.12%                            |
| 30,000       | 241.20                        | 329.27                         | \$ 88.07                         | 36.51%                            |
| 35,000       | 255.20                        | 351.54                         | \$ 96.34                         | 37.75%                            |
| 40,000       | 269.20                        | 373.81                         | \$ 104.61                        | 38.86%                            |
| 45,000       | 283.20                        | 396.08                         | \$ 112.88                        | 39.86%                            |
| 50,000       | 297.20                        | 418.35                         | \$ 121.15                        | 40.76%                            |
| 60,000       | 325.20                        | 462.89                         | \$ 137.69                        | 42.34%                            |
| 70,000       | 353.20                        | 507.43                         | \$ 154.23                        | 43.67%                            |
| 80,000       | 381.20                        | 551.97                         | \$ 170.77                        | 44.80%                            |
| 90,000       | 409.20                        | 596.51                         | \$ 187.31                        | 45.77%                            |
| 100,000      | 437.20                        | 641.05                         | \$ 203.85                        | 46.63%                            |
| 150,000      | 577.20                        | 863.75                         | \$ 286.55                        | 49.64%                            |
| 200,000      | 717.20                        | 1,086.45                       | \$ 369.25                        | 51.48%                            |
| 250,000      | 857.20                        | 1,309.15                       | \$ 451.95                        | 52.72%                            |
| 300,000      | 997.20                        | 1,531.85                       | \$ 534.65                        | 53.62%                            |
| 350,000      | 1,137.20                      | 1,754.55                       | \$ 617.35                        | 54.29%                            |
| 400,000      | 1,277.20                      | 1,977.25                       | \$ 700.05                        | 54.81%                            |
| 450,000      | 1,417.20                      | 2,199.95                       | \$ 782.75                        | 55.23%                            |
| 500,000      | 1,557.20                      | 2,422.65                       | \$ 865.45                        | 55.58%                            |

**Present Rates:**

|                          |           |
|--------------------------|-----------|
| Monthly Minimum:         | \$ 160.00 |
| Gallons in Minimum       | 1,000     |
| Charge Per 1,000 Gallons |           |
| All Gallons              | \$ 2.80   |

**Proposed Rates:**

|                          |           |
|--------------------------|-----------|
| Monthly Minimum:         | \$ 209.60 |
| Gallons in Minimum       | -         |
| Charge Per 1,000 Gallons |           |
| Up to 22,500             | \$ 3.834  |
| Over 22,500              | \$ 4.454  |

|               |           |           |           |        |
|---------------|-----------|-----------|-----------|--------|
| Average Usage |           |           |           |        |
| 82,182        | \$ 387.31 | \$ 561.69 | \$ 174.38 | 45.02% |
| Median Usage  |           |           |           |        |
| 22,500        | \$ 220.20 | \$ 295.87 | \$ 75.67  | 34.36% |

ICR Water Users Association  
 Bill Comparison of Present and Proposed Rates  
 Customer Classification      Construction Water  
 Test Year Ended December 31, 2006  
 (Excludes all Revenue Related Taxes)

Exhibit  
 Rebuttal Schedule H-4  
 Page 4  
 Witness: Bourassa

| <u>Usage</u> | <u>Present</u><br><u>Bill</u> | <u>Proposed</u><br><u>Bill</u> | <u>Dollar</u><br><u>Increase</u> | <u>Percent</u><br><u>Increase</u> |
|--------------|-------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| -            | \$ -                          | \$ -                           | \$ -                             | 0.00%                             |
| 1,000        | 2.80                          | 4.45                           | 1.65                             | 59.07%                            |
| 2,000        | 5.60                          | 8.91                           | 3.31                             | 59.07%                            |
| 3,000        | 8.40                          | 13.36                          | 4.96                             | 59.07%                            |
| 4,000        | 11.20                         | 17.82                          | 6.62                             | 59.07%                            |
| 5,000        | 14.00                         | 22.27                          | 8.27                             | 59.07%                            |
| 6,000        | 16.80                         | 26.72                          | 9.92                             | 59.07%                            |
| 7,000        | 19.60                         | 31.18                          | 11.58                            | 59.07%                            |
| 8,000        | 22.40                         | 35.63                          | 13.23                            | 59.07%                            |
| 9,000        | 25.20                         | 40.09                          | 14.89                            | 59.07%                            |
| 10,000       | 28.00                         | 44.54                          | 16.54                            | 59.07%                            |
| 12,000       | 33.60                         | 53.45                          | 19.85                            | 59.07%                            |
| 14,000       | 39.20                         | 62.36                          | 23.16                            | 59.07%                            |
| 16,000       | 44.80                         | 71.26                          | 26.46                            | 59.07%                            |
| 18,000       | 50.40                         | 80.17                          | 29.77                            | 59.07%                            |
| 20,000       | 56.00                         | 89.08                          | 33.08                            | 59.07%                            |
| 25,000       | 70.00                         | 111.35                         | 41.35                            | 59.07%                            |
| 30,000       | 84.00                         | 133.62                         | 49.62                            | 59.07%                            |
| 35,000       | 98.00                         | 155.89                         | 57.89                            | 59.07%                            |
| 40,000       | 112.00                        | 178.16                         | 66.16                            | 59.07%                            |
| 45,000       | 126.00                        | 200.43                         | 74.43                            | 59.07%                            |
| 50,000       | 140.00                        | 222.70                         | 82.70                            | 59.07%                            |
| 60,000       | 168.00                        | 267.24                         | 99.24                            | 59.07%                            |
| 70,000       | 196.00                        | 311.78                         | 115.78                           | 59.07%                            |
| 80,000       | 224.00                        | 356.32                         | 132.32                           | 59.07%                            |
| 90,000       | 252.00                        | 400.86                         | 148.86                           | 59.07%                            |
| 100,000      | 280.00                        | 445.40                         | 165.40                           | 59.07%                            |

**Present Rates:**

Monthly Minimum: \$ -  
 Gallons in Minimum  
 Charge Per 1,000 Gallons \$ 2.80

**Proposed Rates:**

Monthly Minimum: \$ -  
 Gallons in Minimum -  
 Charge Per 1,000 Gallons \$ 4.454

**Average Usage**

149,000 \$ 417.20 \$ 663.65 \$ 246.45 59.07%

**Median Usage**

74,500 \$ 208.60 \$ 331.82 \$ 123.22 59.07%



# **EXHIBIT B**

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
JEFF HATCH-MILLER  
WILLIAM A. MUNDELL  
KRISTIN K. MAYES  
GARY PIERCE

IN THE MATTER OF THE APPLICATION  
OF ICR WATER USERS ASSOCIATION,  
INC. FOR DETERMINATION OF THE  
CURRENT FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES FOR UTILITY SERVICES

DOCKET NO. W-02824A-07-0388

REBUTTAL TESTIMONY OF  
ROBERT M. BUSCH  
ON BEHALF OF ICR WATER USERS ASSOCIATION  
DECEMBER 14, 2007

1 **I. INTRODUCTION.**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Robert M. Busch. My business address is P.O. Box 5669, Chino  
4 Valley, AZ 86323.

5 **Q. WHERE ARE YOU EMPLOYED AND WHAT ARE YOUR**  
6 **RESPONSIBILITIES?**

7 A. I work for MDI Financial Services as the Water Company Manager. MDI  
8 Financial Services is the management company of ICR Water Users Association  
9 ("ICR" or "Company"). I have been working for ICR since May of 2005. My  
10 responsibilities include the following: approving invoices for payment, preparing  
11 water use summaries and analysis for the Company's Board of Directors,  
12 authorizing expenditures for repairs and maintenance up to \$2,000, handling  
13 customer inquiries and complaints, reviewing financial reports, attending regular  
14 Board meetings and reporting monthly water company activities, preparing  
15 annual operating budget and annual reconciliation of expenses due from the  
16 developers, and consulting with the certified operator on maintenance and  
17 operational issues.

18 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL**  
19 **BACKGROUND?**

20 A. I obtained an undergraduate degree in Mathematics at the University of Denver,  
21 and subsequently graduated from a one-year specialized engineering program at  
22 the University of Colorado.

23 In addition to providing management services to ICR, I also provide  
24 management services to Granite Oaks Water Users Association. For three years,  
25 from 2000 to 2003, I served as the President of the Board of Directors of Granite  
26 Oaks Water Users Association. Prior to this, I was employed by US West (now  
27 Qwest) for over 25 years, with my last position being the Director of Real Estate  
28 and Support Services.

1 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

2 A. I am testifying on behalf of ICR, in support of the proposed rate increase.

3  
4 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

5 A. No, this is my first time.

6 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS  
7 PROCEEDING?

8 A. The purpose of my rebuttal testimony is to provide an update of the Company's  
9 compliance status with the Arizona Department of Environmental Quality  
10 ("ADEQ"). I also will briefly address the contractual relationship between the  
11 golf course and the Company. I will also respond to some of the  
12 recommendations made by the Arizona Corporation Commission  
13 ("Commission") Staff in their direct testimony.

14 II. SUMMARY.

15 Q. PLEASE PROVIDE A SUMMARY OF YOUR REBUTTAL TESTIMONY.

16 A. My rebuttal testimony addresses the following:

17 (1) In response to the discussion in Staff's engineering report about ICR's non-  
18 compliance with ADEQ reporting requirements, ICR is currently in  
19 compliance with ADEQ MRDL reporting requirements and expects to be in  
20 compliance with ADEQ lead and copper requirements early next year.

21 (2) In response to Staff's recommendation relating to ADEQ compliance, ICR  
22 agrees that ADEQ compliance should be a condition of the Commission's  
23 decision, but should not be a condition that needs to be met before the new  
24 rates can go into effect. As detailed below, ICR has no control over when  
25 ADEQ's compliance database will be appropriately updated despite providing  
26 the required information.

27 (3) In response to Staff's testimony relating to the water delivered to the golf  
28 course, ICR does not sell water to the golf course. ICR, however, does deliver

1 water to the golf course per the Well Agreement. Under the Well Agreement,  
2 the golf course pays wheeling charges and a pro rata share of the operation,  
3 maintenance and repair expenses of the water system to ICR.

4 (4) In response to the recommendation made in Staff's engineering report about  
5 separating water use data in future annual reports, ICR seeks clarification of  
6 this recommendation.

7 **III. ADEQ COMPLIANCE.**

8 **Q. WOULD YOU SUMMARIZE THE COMPANY'S COMPLIANCE**  
9 **STATUS WITH ADEQ AS OF JUNE 26, 2007, THE DATE OF THE RATE**  
10 **APPLICATION?**

11 **A.** Yes. As a matter of background, the Company operates two water systems—  
12 Inscription Canyon Ranch system (PWS #13-303) and the Talking Rock Ranch  
13 system (PWS # 13-263). My company has managed both systems since the  
14 second quarter of 2005. Although not interconnected, both systems originally  
15 operated under one ADEQ public water system number until ADEQ requested  
16 that the systems be assigned two different numbers. As such, the Talking Rock  
17 Ranch system was assigned a separate public water system number in the first  
18 quarter of 2006.

19 For the Inscription Canyon Ranch system, ADEQ indicated that the  
20 quarterly Maximum Residual Disinfection Level ("MRDL") reports and the two  
21 consecutive six-month lead and copper monitoring reports were not completed  
22 and submitted. Also, the Company was only providing five lead and copper  
23 samples per monitoring period, instead of twenty.

24 For the Talking Rock Ranch system, ADEQ indicated that the quarterly  
25 MRDL reports and the two consecutive six-month lead and copper monitoring  
26 reports were not completed and submitted.

1 Q. SO IS IT YOUR UNDERSTANDING THAT COMPANY'S COMPLIANCE  
2 DEFICIENCIES ACCORDING TO ADEQ ONLY RELATE TO MRDL  
3 AND LEAD AND COPPER REPORTING?

4 A. Yes, those are the only two ADEQ compliance issues that the Company is aware  
5 of.

6 Q. CAN YOU PROVIDE AN UPDATE REGARDING THE COMPANY'S  
7 COMPLIANCE WITH MRDL REPORTING?

8 A. Yes, the Company has provided ADEQ with the required quarterly MRDL reports  
9 for both of its systems on two separate occasions. The Company first filed each  
10 of the MRDL reports when they were originally due (after each quarter in 2005,  
11 2006, and 2007). When the Company requested and received an ADEQ  
12 compliance status report, dated April 4, 2007, to submit as an exhibit to the rate  
13 application, ICR learned that ADEQ's database showed that the Company did not  
14 submit the majority of its MRDL reports. Within thirty days of learning this (by  
15 May 2007), the Company resubmitted all MRDL reports for the Inscription  
16 Canyon Ranch system and Talking Rock Ranch system via certified mail to  
ADEQ.

17 Staff Witness Jian Liu's direct testimony, filed November 30, 2007, stated  
18 that ADEQ's compliance database still showed that the Company was not in  
19 compliance with ADEQ MRDL reporting requirements. Concerned by the fact  
20 that ADEQ's database was still not updated after six months of resubmitting all of  
21 its MRDL reports (and in some instances, years after the reports were originally  
22 submitted), the Company contacted the Drinking Water Monitoring and  
23 Protection Unit of ADEQ to determine its compliance status. According to  
24 ADEQ, the Company is now in complete compliance with all MRDL reporting  
25 requirements. ADEQ only recently updated ICR's MRDL compliance status on  
26 December 6, 2007. The Company will obtain a copy of this compliance update  
27 and file it with the Commission upon receipt.  
28

1 Q. CAN YOU PROVIDE AN UPDATE REGARDING THE COMPANY'S  
2 COMPLIANCE WITH LEAD AND COPPER TESTING?

3 A. Yes, as stated in the Company's rate application in this matter, the Company  
4 initiated a plan to complete two consecutive lead and copper testing, six-months  
5 apart, for both systems by January 2008. The testing consists of collecting 30  
6 water samples taken at the same time of day from 30 different customers. This  
7 plan was developed with input from ADEQ and pursuant to ADEQ requirements.  
8 The Company completed the first round of testing in June 2007. The second  
9 round of testing will be completed this month, December 2007. The results of the  
10 second round of tests will be available to the Company in January 2008, which  
11 will be provided to ADEQ. The Company expects that the lead and copper test  
12 results will meet ADEQ standards.

13 Q. DOES THE COMPANY AGREE WITH STAFF'S RECOMMENDATION  
14 TO STAY THE RATE INCREASE UNTIL THE COMPANY IS IN  
COMPLIANCE WITH ADEQ?

15 A. The Company is not objecting to be in compliance with ADEQ requirements, but  
16 proposes a modification to Staff's recommendation.

17 Q. WHAT DOES THE COMPANY PROPOSE INSTEAD?

18 A. The Company proposes that it should file, as a compliance item, within one year  
19 of the decision date in this matter, documentation from ADEQ demonstrating that  
20 the Company is in compliance with ADEQ. This alternative is appropriate in this  
21 case and is consistent with prior Commission decisions.

22 Q. WHY IS THE COMPANY'S REVISED RECOMMENDATION MORE  
23 SUITABLE IN THIS CASE?

24 A. The Company believes that it is currently delivering safe and reliable water to its  
25 customers, and is working with ADEQ to make sure that all reporting  
26 requirements are met. The Company has already satisfied ADEQ's MRDL  
27 reporting requirements, but as stated above, the lead and copper testing reports  
28

will not be available to send to ADEQ until January 2008. Once sent to ADEQ early next year, the Company has no control over how long it will take ADEQ to update its compliance database. As indicated above, it took ADEQ six months (an in some instances, years) to update the Company's MRDL compliance status even though the Company submitted its MRDL reports on two different occasions. As a result, ICR fears that its new rates will be delayed for an inordinate amount of time because the ADEQ compliance database will not be timely or accurately updated with ICR's lead and copper testing.

**IV. GOLF COURSE WATER.**

**Q. DO YOU AGREE WITH THE STATEMENT IN THE DIRECT TESTIMONY OF STAFF WITNESS CHARLES MYHLHOUSEN THAT THE "GOLF COURSE DOES NOT RECEIVE OR PURCHASE ANY WATER FROM ICR"?**

**A.** In part. The Company wants to make sure that Mr. Myhlhausen's statement is not interpreted incorrectly. It is true that ICR does not sell water to the golf course. Pursuant to the Well Agreement between ICR, the golf course and developer of Talking Rock Ranch, there are three wells within the Talking Rock Ranch subdivision that supply water to ICR's customers and the golf course. The golf course owns two of these wells and ICR owns the third. ICR, as the water company, pumps and delivers the water from the wells to the golf course.

**Q. DOES THE GOLF COURSE PAY FOR THE DELIVERY OF THIS WATER?**

**A.** Yes. Pursuant to the Well Agreement, the golf course pays ICR a wheeling charge for the delivery of water to the golf course. The golf also pays for a pro rata share of the operation, maintenance and repair expenses for the water system each month, which is subject to a true-up at the end of the year.



1 **V. WATER USE DATA.**

2 **Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION REQUIRING**  
3 **ICR TO SEPARATE OUT THE WATER USE DATA IN FUTURE**  
4 **ANNUAL REPORTS?**

5 **A.** ICR does not necessarily object to Staff's recommendation but requests  
6 clarification from Staff. The Company wants to make sure that it is able to  
7 provide the data requested. Currently, the Company can provide the following  
8 information on a monthly basis:

- 9 (1) amount of water pumped from each system;  
10 (2) amount of water pumped to the golf course;  
11 (3) amount of water used by the developer of the Talking Rock Ranch  
12 subdivision for construction;  
13 (4) amount of water used by customers (excluding the golf course)  
14 (5) amount of water unaccounted for; and  
15 (6) total number of customers.

16 ICR can also provide a plant summary for both systems on an annual basis. If  
17 Staff agrees that the information above satisfies their requirements, then ICR has  
18 no objection to Staff's recommendation.

19 **VI. CONCLUSION.**

20 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

21 **A.** Yes.  
22  
23  
24  
25  
26  
27  
28